

Current History

A WORLD AFFAIRS MONTHLY

MAY, 1972

Property of
AMBASSADOR COLLEGE LIBRARY
Big Sandy, Texas

WEST GERMANY, 1972

GERMANY BETWEEN EAST AND WEST	<i>Norman A. Graebner</i>	225
OSTPOLITIK IN HISTORICAL PERSPECTIVE	<i>Felix E. Hirsch</i>	229
GERMANY'S WESTPOLITIK	<i>Carl G. Anthon</i>	234
WEST GERMANY'S SECURITY POLICY	<i>Earl F. Ziemke</i>	239
POLITICS IN WEST GERMANY	<i>Gerard Braunthal</i>	244
THE CHALLENGE OF WEST GERMANY'S SOCIAL MARKET ECONOMY	<i>Arnold F. Kröner</i>	249
WEST GERMANY'S TRADE: AN ENVIABLE DILEMMA	<i>Klaus Friedrich</i>	254
CURRENT DOCUMENTS • <i>Pact Between Poland and West Germany, 1970</i>		259
BOOK REVIEWS		260
THE MONTH IN REVIEW		266
MAP • <i>Western Europe</i>		Inside Back Cover

Current History

FOUNDED IN 1914

MAY, 1972
VOLUME 62 NUMBER 369

Editor:

CAROL L. THOMPSON

Assistant Editors:

MARY M. ANDERBERG

JOAN B. ANTELL

Contributing Editors:

ROSS N. BERKES

University of Southern California

RICHARD BUTWELL

State University of New York

MICHAEL T. FLORINSKY

Columbia University, Emeritus

HANS W. GATZKE

Yale University

MARSHALL I. GOLDMAN

Wellesley College

NORMAN A. GRAEBNER

University of Virginia

OSCAR HANDLIN

Harvard University

STEPHEN D. KERTESZ

University of Notre Dame

NORMAN D. PALMER

University of Pennsylvania

CARROLL QUIGLEY

Georgetown University

JOHN P. ROCHE

Brandeis University

A. L. ROWSE

All Souls College, Oxford

ALVIN Z. RUBINSTEIN

University of Pennsylvania

HARRY R. RUDIN

Yale University

FREDERICK L. SCHUMAN

Portland State College

RICHARD VAN ALSTYNE

University of the Pacific

COLSTON E. WARNE

Amherst College

ARTHUR P. WHITAKER

University of Pennsylvania, Emeritus

President and Publisher:

DANIEL G. REDMOND, JR.

Vice President:

ELBERT P. THOMPSON

Published monthly by Current History, Inc., 4225 Main St., Phila., Pa. 19127. Second class postage paid at Phila., Pa., and additional mailing offices. Indexed in *The Reader's Guide to Periodical Literature*. Individual copies may be secured by writing to the publication office. No responsibility is assumed for the return of unsolicited manuscripts. Copyright © 1972, by Current History, Inc.

Coming Next Month

AMERICAN SCHOOL FINANCE: A HISTORY

Our June, 1972, issue is the first of a three-issue symposium on financing elementary and secondary education in the United States. The first issue will set the problem of school finance in historical perspective. Articles will include:

An Overview of Our Hodgepodge System

by BRUCE JOHNSTONE, the Ford Foundation

State and Local Struggles to Finance American Education

by PETER VEILLETTE, the National Education Association

Federal Aid to Education Since 1945

by ARTHUR N. TAYLOR, Georgetown University

Private and Parochial School Finance in Perspective

by NEIL MCCLUSKEY, Woodstock College

PLUS A SPECIAL SECTION on the History of American Education reprinted from *Current History*, July, 1961:

Education in Colonial America

American Education after the Revolution

Educational Patterns in the U.S., 1865-1914

Public Education in the U.S., 1918-1945

Also Coming . . .

AMERICAN SCHOOL COSTS, July, 1972

FINANCING AMERICA'S SCHOOLS TOMORROW,
August, 1972

HIGH SCHOOL DEBATERS: Note these 3
issues on the 1972-1973 N.U.E.A. Debate Topic

\$1.00 a copy • \$9.50 a year
Canada \$10.00 a year • Foreign \$10.50 a year
Please see back cover for quantity purchase rates.

NO ADVERTISING

Current History

MAY, 1972

VOL. 62, NO. 369

Are West Germany's policies changing as she faces the shifting power balance of the 1970's? What role is she playing on the continent of Europe? In this issue, seven specialists evaluate West German policies and set them in historical perspective. Our introductory article notes that "it was the defeated power of World War II, not the Western victors, that first recognized the territorial and political changes wrought by that war. The United States accepted Ostpolitik, albeit without enthusiasm."

Germany Between East and West

BY NORMAN A. GRAEBNER

Professor of Modern American History, University of Virginia

FOR A FULL QUARTER CENTURY Germany has existed at the center of the cold war. With the creation of the German Federal Republic in 1949, the Western powers as well as the U.S.S.R. measured every major European decision by its possible effect on their recent enemy. That Germany after mid-century wielded such predominant influence on East-West strategy was a tribute to the country's immense economic and military potential. Western policy sought above all to prevent West Germany's slippage from membership in the North Atlantic alliance, because such slippage might neutralize that country and thereby weaken West Europe's defenses.

But Western policy toward Germany was offensive as well. For by sustaining as a primary diplomatic objective the reunification of Germany under the principle of self-determination, the Western allies might direct the force of German nationalism against the Soviet hegemony in Central Europe and might eventually undermine it. This dual role for West Germany, if properly sustained, promised to perpetuate the *status quo* without the necessity of recognizing the existence of those territorial and political changes in Europe which had emanated from Germany's collapse in 1945. Nonrecognition carried the hope as well as the intent of liberation.

What sustained this revisionism in United States policy was its embodiment in the objectives of the

Federal Republic. Beyond the actual defense of West Germany from Soviet invasion, Chancellor Konrad Adenauer's government at Bonn pursued the irreducible goal of German reunification under free elections. This purpose required a diplomatic inflexibility toward the Soviet hegemony across East-Central Europe just as determined as that of United States Secretaries of State Dean G. Acheson and John Foster Dulles. Together the United States and West German governments rejected the legitimacy of the Soviet-created East German regime and sought to prevent its recognition by other governments. Bonn clung tenaciously to the proposition that only the Federal Republic, the only freely elected government of Germany, could represent the German people in international affairs.

Under the Hallstein doctrine,¹ West Germany refused to recognize the Communist-led governments inside and outside Europe, because all of them recognized the East German Democratic Republic. Bonn defied the doctrine briefly in 1955 when it extended formal diplomatic recognition to the Soviet Union. If the Hallstein doctrine restricted German economic expansion into Slavic Europe, it enjoyed the overwhelming support of the non-Communist world. Still Bonn maintained some contacts behind the Iron Curtain.

Unfortunately, Germany's role as the key to West Europe's defense and the essential agent in Central Europe's liberation embraced everything but reality. When a partially rearmed West Germany entered

¹ Named after Walter Hallstein, Adenauer's chief adviser on foreign affairs between 1952 and 1955.

NATO in 1955 as a full military partner, the prospects for German reunification began to evaporate. Those who questioned the uncompromising emphasis on defense believed that a rearmed Germany would awaken old fears in East Europe and would thereby threaten Europe with instability and the danger of nuclear war. Moreover, they warned, it would assure the full presence of Soviet power in East and Central Europe to enforce the *status quo*. Rather than achieve German reunification, Western military policy would harden the division of Germany. However, Western leaders preferred to place their faith in liberation on the altar of established military policy, convinced that Western power and Western unity could determine the course of Europe's political evolution.

George F. Kennan challenged the West's fundamental decision to opt for German rearmament and nuclear defense of NATO in his Reith Lectures, delivered over Britain's BBC late in 1957. Denying that the Soviet Union comprised a massive military threat to West Europe, Kennan argued against the incorporation of tactical nuclear weapons into the NATO defense structure. Rather, he admonished the continental populations to accept a higher level of responsibility for building their defenses on other than atomic weapons. The *disengagement* of United States, British and Soviet power from the heart of Europe, believed Kennan, would permit the Europeans to work out their fortunes without endangering the peace. The removal of Soviet forces from much of Central Europe, moreover, might serve the cause of self-determination more effectively than the positioning of Western garrisons along the Iron Curtain. On February 15, 1958, Adam Rapacki, the Polish Foreign Minister, offered the West a proposal for a demilitarized zone in Central Europe, with both American and Soviet forces retiring from their advanced positions.

In rejecting the Rapacki plan, the United States government pointed to the omissions—the absence of a program for the reunification of Germany and the West's inability to balance military forces in Europe without access to nuclear weapons. The rejection of disengagement—a decision widely supported by American observers, analysts and leaders alike—made it clear that the West would accept no course of action which curtailed Germany's NATO role or infringed on Germany's national ambitions. For Dean Acheson, the West could anticipate the fulfillment of its objectives if it merely adhered to established policy. A thriving West Europe, he wrote in reply to Kennan in the April, 1958, issue of *Foreign Affairs*,

would continue its irresistible pull upon East Germany and Eastern Europe. This would, in turn, have its effect upon the demands of the Russian people on their govern-

ment. With a rise in the standards of living in the Soviet Union, . . . the Russian need for the forced communization and iron control of Eastern Europe would diminish. The negotiations looking toward a united Germany, under honorable and healing conditions, and toward the return of real national identity to the countries of Eastern Europe, . . . could for the first time be meaningful and show the buds of hope. This has been the goal of Western policy for the past decade.

Again the Western allies moved to resist any infringement on their purposes for Germany when Soviet Premier Nikita Khrushchev, on November 27, 1958, threatened to exploit the strategic Soviet advantage in Berlin to force a settlement of the Berlin and German questions. If the U.S.S.R. reached no satisfactory agreement on Berlin within six months, Khrushchev warned, it would adopt new measures on traffic into West Berlin in conjunction with the East German regime which would compel Washington, London and Paris to deal thereafter with East Germany. On December 31, the United States rejected the Soviet proposal for a "free city" of West Berlin. The note accused the Kremlin of repudiating its solemn commitment to sustain free access to the city.

THE GENEVA CONFERENCE ON BERLIN

The Big Four Geneva conference on Berlin and Germany opened on May 11, 1959, in a tense atmosphere. On May 14, the new American Secretary of State, Christian A. Herter, presented the West's initial and in a sense its final proposal: the unification of the two Berlins through free elections, the city to be safeguarded by Big Four troops until it emerged as the capital of a united Germany. Herter then proposed a formula to create an all-German election law under which the German people would elect an all-German assembly. This assembly, in turn, would draw up a constitution for a united Germany. Two days later Soviet Foreign Minister Andrei Gromyko presented the Soviet plan, designed fundamentally to formalize the *status quo* in Central Europe. It proposed separate peace treaties with the two Germanies, permitting both regions to maintain essential armed forces but banning the production and possession of nuclear weapons. The Big Four would withdraw their troops from East and West Germany, dissolve the four-power occupation of Berlin, and leave Berlin a free city pending German unification and a final peace settlement.

Within two days, Herter and Gromyko had rejected each other's proposals. Herter, speaking for the West on June 5, attacked the Soviet plan for a free city as a "disguise for the gradual smothering of the West Berliners' present freedom." The Soviet position, based on history rather than principle, denied the validity of self-determination for Germany. Gromyko recalled what Hitler's Germany had done to

Europe when it enjoyed self-determination. Western spokesmen were not impressed by such flights into history. The conference remained hopelessly deadlocked until its final adjournment on August 5. Refusing to compromise, the West held firm to its established position in Germany and Berlin.

President John F. Kennedy, like Harry Truman and Dwight Eisenhower, linked the alliance with Germany to the dual purposes of defense and liberation. He made this clear in his address at the Paulskirche in Frankfurt on June 25, 1963, delivered during his widely publicized European tour which had been arranged to counter French President Charles de Gaulle's appeal to the European rather than the Atlantic concept of defense. Kennedy lauded West Germany's contribution to the building of NATO and reaffirmed the American commitment to European and German security. "Modern weapons are being deployed here in Western Europe," he reminded his audience. "And America's strategic deterrent—the most powerful in history—will continue to be at the service of the whole alliance."

But for Kennedy the United States-German relationship went far beyond defense. As he told his Frankfurt listeners:

Together we must work to strengthen the spirit of those Europeans who are now not free, to reestablish their old ties to freedom and the West, so that their desire for liberty and their sense of belonging to the Western Community . . . will survive for future expression. We ask those who would be our adversaries to understand that in our relations with them we will not bargain one nation's interest against another's and that the commitment to the cause of freedom is common to us all.

This triumph of self-determination would include the reunification of Germany under conditions that would permit all German people to choose how they would be governed. Kennedy, like other American officials, skirted the question of means. "I preach no easy liberation and I make no empty promises," he acknowledged, "but my countrymen, since our country was founded, believe strongly in the proposition that all men shall be free. . . ."

THE PRICE OF WESTERN POLICY

During the early 1960's Germany's future became increasingly the key to better East-West relations and to the cohesiveness of the Western alliance. So essential had Germany become to the conflicting French and American purposes for Europe that every move by the Federal Republic toward one of the allies quickly demanded some compensatory move toward the other. Because of Washington's outrage over the Franco-German treaty of early 1963, Adenauer agreed in principle to Kennedy's Multilateral De-

fense Force (MLF) proposal of that year. Actually MLF had neither strategic significance nor any chance of adoption by the NATO powers. In the long run, Bonn's desire to maintain good relations with both the United States and France could only divide West Germany's political elements into pro-American and pro-French factions.

Only a realistic NATO formula for German reunification could terminate the drift in Western policy and give the Federal Republic a better choice than either accepting the *status quo* as a permanent condition or pursuing an independent policy toward the U.S.S.R. To meet this challenge, Henry A. Kissinger, writing in his Council on Foreign Relations study, *The Troubled Partnership* (1965),² outlined a program for reunification designed hopefully to satisfy the Western principle of self-determination and the East European and Soviet fear of a united Germany. He suggested that the West separate the issue of self-determination from that of unification. The Western allies would acquiesce in the existence of the East German state provided that its government were based on free elections. The new East German state—neutral, demilitarized and free—would achieve a status similar to that of Austria. Foreign troops in West Germany would withdraw a distance approximately equal to that which separated the Oder from the Elbe. West Germany would renounce the acquisition of nuclear weapons. After some 15 years, an East German plebiscite would determine whether that state would continue in a loose confederation with the Federal Republic or would join the Federal Republic in a united Germany. Should the Soviets reject this proposal—which assuredly they would do—the remaining hope for German unification would lie in the strength and unity of the West.

What condemned this United States-West German approach to the question of German reunification was its diplomatic inadequacy. In the face of Soviet power, how long could the Western alliance demand a settlement which denied the Soviet triumph in World War II? German reunification would come on Soviet terms or not at all. Obviously the West could offer no plan for German unification, based on self-determination, acceptable to the U.S.S.R. and to the Warsaw Pact countries. Thus in practice the adherence to the principle of self-determination comprised, for Bonn and Washington alike, a tacit acceptance of a divided Germany. Even when backed by a prosperous Europe, the NATO alliance could compel no Soviet capitulation. The absence of major Western interests in East Europe robbed NATO of any credibility beyond that of guaranteeing the *status quo* created by Soviet power in 1945.

Still the NATO allies remained committed to German reunification and a revision of the Oder-Neisse

² New York: McGraw-Hill, 1965.

line for Poland, partly to counter a complex and often impenetrable Soviet threat, partly to sustain the West German government's allegiance to the Atlantic alliance.

OSTPOLITIK: THE END OF AN ILLUSION

After the mid-1960's time began to run out on the West's determination to pursue the unachievable. Not only had that decision neglected Germany's interests in the *status quo*; it had also deprived Bonn of any initiative toward the Soviet sphere. In 1966, the Grand Coalition of Christian Democrats and Social Democrats placed Kurt-Georg Kiesinger in the West German chancellorship. Willy Brandt, leader of the Social Democrats, emerged as foreign minister. Both Kiesinger and Brandt favored a more flexible policy toward East Europe, but Brandt's Social Democrats had by far the stronger commitment to renewed ties with the Soviet sphere. Kiesinger repudiated the Adenauer formula which placed reunification ahead of détente in both time and importance. He denied the legitimacy of the East German regime, but he offered diplomatic recognition to the Slavic states and even promised greater cooperation between the two parts of Germany. In January, 1967, Bonn terminated the Hallstein doctrine by recognizing the government of Rumania.

The massive Soviet intervention in Czechoslovakia during August, 1968, added to NATO's total inaction, once again measured the rigidity which the European system had achieved. The balance of power had eliminated the probability of change through attrition alone. The postwar order of Europe, although it had not been embodied in a general treaty, had won affirmation in a number of bilateral and multilateral agreements which recognized the *status quo*. But Brandt's Social Democrats refused to resign themselves to the existing status simply because they found the notion of a permanently divided Germany intolerable. At the same time, the U.S.S.R., having failed to win diplomatic recognition of its hegemony in negotiations with the United States, Britain and France, was prepared to bargain with Bonn.

With Brandt's elevation to the West German chancellorship in September, 1969, German *Ostpolitik* quickly moved into high gear. Washington maintained a cautious attitude toward Brandt's diplomacy. Some United States officials feared that West German agreements with East Germany, Poland and the U.S.S.R. would grant recognition to a divided Europe, would doom the whole purpose of liberation, and would upset the military and political balance which had sustained the continent's postwar stability. Like his four predecessors, President Richard M. Nixon did not care to recognize any change in East-Central Europe wrought by Germany's war and Germany's defeat. For Nixon a "just and honorable peace" re-

mained one in which the U.S.S.R. accepted Europe's 1939 political and territorial status. When West German Foreign Minister Walter Scheel visited Washington in July, 1970, the administration refused to endorse the specifics of Brandt's *Ostpolitik*, and merely welcomed West Germany's efforts to "normalize relations with the East."

On August 12, 1970, Brandt signed the celebrated West German non-aggression pact with the Soviet Union. The treaty recognized the postwar boundaries of Central Europe and provided for economic, technological and cultural cooperation between the two countries. In a special letter to the Kremlin Bonn retained its ultimate goal of German unification "through self-determination and freedom." By securing recognition of existing frontiers, the Soviets claimed credit for liquidating the German problem. During November, 1970, Brandt concluded a treaty with Poland in which both nations accepted the postwar German-Polish boundary—the Oder-Neisse line—which transferred 40,000 square miles of former German territory to Poland. The two countries renounced the use of force and agreed to economic, technological, and cultural exchanges.

Brandt, determined to achieve a satisfactory and permanent status for West Berlin, tied ratification of the Soviet and Polish treaties to the success of the four-power talks which had been under way in Berlin since March, 1970. Not until September, 1971, after 18 months of negotiation, did the four ambassadors sign a final Berlin agreement. In general, the decisions favored the West. The Soviets accepted responsibility for maintaining Western access into West Berlin. They agreed also to the West German government's presence in Berlin, including some 23,000 civil servants. West German officials and political parties would be permitted to meet in Berlin. West Berliners would be able to travel with West German passports rather than Berlin identity cards. Finally, the agreement provided for increased contacts between the people of East and West Berlin. Thus the Berlin settlement of 1971 contained a major Soviet concession—a recognition of the ties between the Federal Republic and West Berlin and a willingness to permit those ties to be strengthened.

For this concession, the West extended Moscow the right to establish a consulate in West Berlin, limited to a staff of 20 and accredited to the other Western

(Continued on page 261)

Norman A. Graebner holds the Edward R. Stettinius Professorship in Modern American History and is a member of the University of Virginia's Center for Advanced Study. He has taught at Iowa State University, Stanford University and the University of Illinois. His most recent book is *Manifest Destiny* (Indianapolis: Bobbs Merrill, 1968).

"The treaties with Moscow and Warsaw were the two most momentous steps of Brändt's Ostpolitik," writes this historian, who traces the historic background of this policy since the close of World War I.

Ostpolitik in Historical Perspective

BY FELIX E. HIRSCH

Professor of History, Trenton State College

JUST FIFTY YEARS AGO, on Easter Sunday, 1922, a political bomb exploded which shook the statesmen of Europe assembled in Genoa. "The excitement was indescribable and took on grotesque forms," reported an eyewitness, the German diplomat Count Harry Kessler. The British Prime Minister, David Lloyd George, the dominant figure at the conference, seemed enraged; the French delegation threatened to leave.

What had happened to cause such a commotion? On that momentous day, April 16, the German Foreign Minister, Walther Rathenau, and the Russian People's Commissar for Foreign Affairs, Georgi Chicherin, had signed a treaty in Rapallo (a charming resort town near Genoa, that became overnight part of the diplomatic vocabulary), by which an immediate resumption of full diplomatic and consular relations between the two countries was assured. For the Russians, whose economic situation had become desperate, it was even more important that the treaty provided for most-favored-nation treatment in trade relations; moreover, both countries canceled financial claims against each other. Originally, the Soviet delegates had hoped to gain their objectives in dealing with Lloyd George. When they failed in this, they approached the German diplomats. Rathenau himself was reluctant to sign; he was aware of the dangers inherent in such a move. But his Assistant Secretary of State, Baron Ago von Maltzan, the most forceful proponent of the "Eastern orientation" in the Foreign Office, persuaded him in a dramatic night-session in the Minister's bedroom to go to Rapallo, the seat of the Russian delegation, after efforts to reach Lloyd George had failed, leaving Rathenau with the justifiable feeling that the British wanted to snub him.

The treaty in itself was harmless; it contained no secret clauses. The English historian Edward H. Carr has correctly noted in his book on *German-Soviet Relations between the Two World Wars*¹ that "the fact

of signature was more important than the formal contents." The defeated Germany and the international outcast, Soviet Russia, had joined hands and thereby changed the balance of power in Europe overnight. George Kennan makes two important observations on Rapallo in his masterful work *Russia and the West under Lenin and Stalin*.² One concerns Rathenau, who two months later was to die from the bullets of nationalistic fanatics, the first victim of the new wave of reckless anti-Semitism. Kennan says:

I cannot help but see in the plight of this man at this moment the embodiment of the profligate carelessness with which the Western democracies treated the moderate and well-meaning elements in the German Weimar Republic.

Kennan's other thought is that Rapallo was the first great victory for Soviet diplomacy; its ingredients were: "one part Soviet resourcefulness and single-mindedness of purpose, two parts amateurism, complacency and disunity on the part of the West." As far as the Weimar republic was concerned, the immediate effect of the Rapallo treaty was a gain in prestige. It was enhanced by Rathenau's brilliant oratory, when he addressed the final session of the Genoa conference. He upheld the treaty as providing a bridge between Russia and the Western world, but then turned to the greater issue of peace and concluded with the passionate words of Petrarch: "I go through the world and call 'Peace, Peace, Peace.'"

FROM RAPALLO TO LOCARNO

In a way, the Rapallo treaty indicates the situation which German diplomacy has faced both in the Weimar and the Bonn republic, because of the geographic position of the country and the reality of power politics. A balancing act was needed; Rathenau, a statesman whose whole background made him a man of "Western orientation," had been obliged to sign a portentous agreement with the East. Gustav Stresemann, the outstanding statesman of the Weimar republic, could not escape these realities either, in the six years in which he conducted German foreign policy

¹ Baltimore: Johns Hopkins Press, 1951.

² Boston: Little Brown, 1961.

(1923–1929). In his whole personality, he was congenial to the West, to English and French civilization. One of his close associates, Herbert von Dirksen, whom he sent in 1928 as ambassador to Moscow, assured this writer that Russia and the whole eastern mentality, especially in the form of the Bolshevik doctrine, were strange to Stresemann. But Dirksen added: "He was too much a statesman and possessed too much sensitivity to be unaware of the significance of the Russian trump card in the German diplomatic game."

The same interpretation of Stresemann's political concepts came to the author from Friedrich Gaus, the minister's legal counsel who drafted many treaties of this era: "He wanted to improve Germany's international position progressively by calm negotiations with the Western powers and to lead Germany as an equal back into the circle of the world powers, but he believed that good relations with Soviet Russia were entirely compatible with this goal." There is a clear parallel between the fundamental aims of Stresemann and Willy Brandt.

The Kremlin was greatly alarmed when news of the forthcoming conference in Locarno between the foreign ministers of the Western powers circulated in the early fall of 1925. The Rapallo policy had not brought full results—might the Germans be tempted now totally to abandon it? People's Commissar Chickerin decided to find out at the source. He went to Berlin and had a frank exchange of views with Stresemann; it lasted till deep into the night. The Russian did not succeed in his efforts to torpedo the gathering in Locarno, in spite of some vague suggestions he dropped concerning a new partition of Poland. Nevertheless, a Russo-German trade treaty was signed in Moscow on October 12, while the conference in Locarno was still in progress. This was a satisfaction for the Soviet diplomats. At the same time, Stresemann resisted in Locarno any interpretation of Article 16 of the League of Nations Covenant which would have permitted an attack on Russia through German territory.

During the winter of 1925–1926, negotiations went forward between Moscow and Berlin about a new treaty which would somehow revive the spirit of Rapallo. On April 24, 1926, the new treaty was signed without fanfare in Berlin (henceforth it was usually referred to as the "Berlin Treaty") by Stresemann and the Russian Ambassador, Nikolai Krestinski. The rather brief document reaffirmed the treaty of Rapallo. The two governments would remain in friendly consultation about questions of a political and economic nature, and would aim to reach an understanding on them. They assured each other of neutrality if one of them were attacked, and of their unwillingness to participate in any economic sanctions against the other. Stresemann stated publicly again and again that he saw in this treaty a logical supplement to Lo-

carno; he assured the French and the British that the Berlin treaty was an instrument of international peace.

It is characteristic of his political outlook, however, that he did not include Poland in his system of treaties. He did not consider an "Ost-Locarno" feasible, and he rejected Polish proposals for a non-aggression pact. For he envisioned an eventual correction of the German-Polish frontiers as they had been drawn up in Versailles. He wanted to accomplish his aim by means of negotiations; as the liberal historian Erich Eyck has aptly formulated it: "He sought to achieve this grander German future by taking the paths of peace." Yet he watched Poland's role in European affairs with thinly veiled hostility. He believed that the Warsaw government was treating the German minority unfairly. Occasionally, his sentiments got the better of him, as happened in a dramatic scene with Poland's Foreign Minister August Zaleski at the meeting of the League of Nations Council in Lugano (in December, 1928), when Stresemann was already a very sick man.

We can dispense with a discussion of the non-aggression pact between Hitler and Stalin, signed in Moscow on August 23, 1939; it was not an instrument of peace, but a cleverly conceived step in the preparation for the German attack on Poland. Less than two years after the German and Soviet Foreign Ministers had signed their names to that pact, Nazi armies invaded the Soviet Union, thus showing the deceptive character, indeed, the worthlessness of the document. At the end of almost four years of a terribly bloody struggle, the Third Reich collapsed, and Soviet troops stood at the Elbe river. Gone were all the dreams of a greater Germany. Poland had been assigned new frontiers at the Oder-Neisse line, while the zone of Soviet occupation emerged eventually as a separate state—the German Democratic Republic under the rule of Walter Ulbricht, a strong-willed and very shrewd follower of Stalin.

ADENAUER'S ROLE

There was a lot of talk about German reunification in the 1950's, but nothing ever came of it. First of all, the four occupying powers had little cause to promote it, even though some of them gave lip-service to it. Why, for instance, should France favor it? Reunification of Germany could only endanger the strong French position in Europe; realists like President Charles de Gaulle were quite clear about this. But most important, Konrad Adenauer, the powerful Chancellor of the Bonn Republic through the first 14 years of its existence (1949–1963), had no intention of fighting for reunification. He hated the old Prussia which had given the Rhineland little freedom and had tried to subdue the Catholic Church. His concept was that of a Germany looking toward the West. Its center would be around the Rhine; at his insistence,

Bonn was chosen as the seat of the new Federal Republic of Germany. The problems of Berlin and East Germany did not concern him very deeply. Bishop Otto Dibelius, the Protestant Primate of Germany, a man who, residing in Berlin, divided his daily work between the two parts of Germany, told this writer in 1954 that he had often visited Adenauer in Bonn and asked him for his specific ideas on reunification, but to his dismay had always received only very vague, evasive answers. Adenauer's attitude toward the Soviet Union was inflexible; he was an unwavering supporter of the policy of containment, as United States Secretary of State John Foster Dulles pursued it.

Once, however, Adenauer went to Moscow (in September, 1955) and bargained successfully with Soviet leaders. A resumption of diplomatic relations between the two governments was agreed upon, and Adenauer, a very resourceful negotiator, extracted from the masters of the Kremlin the promise that the thousands of German civilians who were still detained in the Soviet Union would be released promptly. In the second volume of his memoirs, Adenauer paints a very vivid picture of his visit and his hosts. He felt that they were trying to find out if he would be interested in a return to the Rapallo policy, but he left them with no illusions in this respect. For him, he writes, the fight against communism was not limited to the struggle for a return of the lost Eastern provinces; behind all this was the basic conflict between materialism and Christian convictions, between Russian Communist dictatorship and a free Europe.

If we compare Adenauer and Stresemann—two men of the same generation, although they held office at different times—in their dealings with the Kremlin, it is obvious that Stresemann's policy of endeavoring to maintain a balance in Europe by the Locarno policy and the Berlin Treaty demonstrated a more realistic statesmanship. That Adenauer had lost his grip, especially in his last years in office, became glaringly evident when he failed in August, 1961, to take any action after the Wall was built through the heart of Berlin, threatening once more the survival of the beleaguered city. It was at this point that Willy Brandt, then Lord Mayor of Berlin, realized that Germany's foreign policy needed a re-thinking, because exclusive reliance on the support of the Western powers, especially the United States, had proved unwarranted. Even President John F. Kennedy's moving declaration: "I am a Berliner," on his triumphant visit to the city in June, 1963, could not cover up the fact that the United States had too many other engagements in the world and, therefore, had to tread warily in its protection of vital West German interests.

Under Adenauer's immediate successors, Ludwig Erhard and Kurt Georg Kiesinger, efforts began in Bonn to find an "opening to the East." Gerhard Schroeder, Erhard's able Foreign Minister (and now

again the leading candidate for the post, if the Christian Democrats under Rainer Barzel should win the elections in 1973) was the first to try a gradual redirection of German foreign policy, away from Adenauer's rigid concepts. When Kiesinger formed his Cabinet of the Grand Coalition with the Social Democrats in late 1966, he entrusted the Foreign Office to their leader, Willy Brandt, who became also Vice Chancellor. He proved to be an imaginative innovator in foreign affairs, far beyond anybody's expectations. Kiesinger and Brandt tried honestly to promote a détente in the East, but their initial success was limited, largely due to the tensions among the Russian satellites and especially to the impact of the Prague crisis on the Soviet leaders.

Brandt's determined effort to reach an accommodation with Poland ranks very high among the accomplishments of these years. His willingness to declare Bonn's respect for the Oder-Neisse frontier line, which was anathema to millions of his countrymen, showed remarkable boldness. It met with a strong response in Warsaw where in May, 1969, Wladyslaw Gomulka, the still unchallenged leader of the Communists, publicly expressed an interest in an accommodation with Bonn. To his rather encouraging words Willy Brandt responded immediately: "We regard the reconciliation with Poland as being just as important historically as the similar reconciliation with France." Two months later, Soviet Foreign Minister Andrei Gromyko declared before the Supreme Soviet that a turning point might be reached in the relations between Moscow and Bonn, if the Federal Republic followed "the path of peace." Brandt's Ostpolitik had some of its roots in the days when he served in the Cabinet of the Grand Coalition.

BRANDT AND SCHEEL

But his new policy reached its full fruition only after his election victory in September, 1969, when he became Chancellor himself in a homogeneous coalition with the Free Democrats (his previous partner, the Christian Democratic Union, had been divided in its support of new experiments). While the socialist-liberal coalition had only a tenuous majority in the Bundestag, it held together astonishingly well in its pursuit of Brandt's Ostpolitik. The Cabinet felt that it had the strong backing of public opinion. The new Foreign Minister, Walther Scheel, leader of the Free Democratic party, had considerable experience in world affairs. He had been successful as head of the Ministry for International Economic Cooperation in the earlier 1960's. Scheel soon proved his mettle in the Foreign Office, to the disappointment of his detractors, who first did not want to take him seriously. His greatest handicap is perhaps that he, like Stresemann, must double as chairman of an often troublesome party organization; he thus carries an awesome

burden. Scheel defers to Brandt's determination of the fundamentals of the government's foreign policy, but he has an important share in carrying it through to success. It is obvious that Brandt, on his part, is pleased with the performance of his Foreign Minister; they work harmoniously together. This does not exclude the fact that some of Brandt's close political friends, such as the State Secretary Egon Bahr, also participate prominently in the execution of his Ostpolitik.

An astute student of German foreign policy, Lawrence L. Whetten, has observed in his excellent recent book *Germany's Ostpolitik*,³ that the Federal Republic had been until 1969 "the economic giant and the political dwarf of contemporary Europe," because of its limited options in the East. This chapter in German history was now finished. Brandt took the initiative in several directions. First of all, he tried to find a new basis for dealing with reality; part of the German nation had lived separately in the German Democratic Republic since 1945, and reunification was far off. Without offering the G.D.R. legal recognition, he aimed at a normalization of the situation and was ready to drop even the bothersome Hallstein doctrine, which excluded diplomatic relations with states recognizing the G.D.R. His efforts soon bore some fruit.

On March 19, 1970, a historic meeting took place in the Thuringian city of Erfurt: Brandt met with the East German Chief Executive, Willy Stoph. Understandably, they could not come to terms immediately after so many years of separation and open hostility. But Brandt, who was received with an entirely unexpected outburst of popular enthusiasm, could honestly speak of a "powerful human experience" and of the "continuing and living reality of one German nation." A second meeting of the two statesmen, held on May 21 in Kassel, did not bring any advance in the dialogue. Brandt presented a 20-point memorandum in which he offered the G.D.R. wide concessions in many fields, culminating in a treaty that would regulate their relations "on the basis of human rights, equality, peaceful coexistence and non-discrimination." But the generous proposal fell on deaf ears. Stoph, annoyed by an unpleasant public reception, remained unbending. Brandt's effort had failed for the moment. However, there are indications that Ulbricht's negative influence is waning and that Erich Honecker, who became his successor as First Secretary of the Socialist Unity party in May, 1971, may favor a less militant course in his dealings with Bonn.

While the attempted dialogue with the G.D.R. was a discouraging experience, Brandt and Scheel made remarkably speedy progress in their negotiations with

Moscow. Only about two months after they were initiated, a treaty was ready for signature. Its text was brief; it concentrated on the fundamentals. The two governments declared it "an important objective of their policies to maintain international peace and achieve détente." They affirmed their intent to promote the normalization of the situation in Europe and to settle their disputes exclusively by peaceful means. They agreed on the inviolability of the frontiers of all states in Europe, with special reference to the Oder-Neisse line and the frontier between the Federal Republic and the G.D.R. On August 12, 1970, the treaty was signed in Moscow by Soviet Premier Alexei Kosygin and Brandt.

This was a historic event. The German delegates were treated as distinguished guests. Soviet Chairman Leonid Brezhnev conferred with Brandt at length to indicate the importance the rulers of the Kremlin attributed to the treaty and to better relations with Bonn in general. Whereas the niceties at such "summit meetings" lack permanent significance, Brezhnev seems to have gained real respect for Brandt. In September, 1971, he invited him for a highly publicized visit to the beautiful vacation resort in Oreanda on the Crimea. This informal conference apparently brought results; as Scheel put it, the Federal Republic gained further political leeway. Among the benefits was a better understanding of the special relationship between the two German states and a new formula for a balanced mutual reduction of military forces in Central Europe. The Soviet leaders obviously were not nervous about the fact that the Moscow treaty had to be ratified by the Parliament in Bonn; at West German insistence, this step had to wait till the four-power agreement on the status of Berlin was in force. The Soviets had also accepted a formal letter Scheel addressed to Gromyko on August 12, 1970, stating that it would remain the objective of the Federal Republic "to work for a state of peace in Europe in which the German nation will recover its unity in free self-determination."

NOBLE GESTURE IN WARSAW

The treaty negotiations between Bonn and Warsaw, which started in February, 1970, were in some respects more difficult than the dealings with Moscow, because the Poles had suffered so much from Hitler's aggression that they were not easily persuaded by the West German negotiators. Finally, on November 19, 1970, the treaty was ready for initialing by Scheel and his Polish counterpart, Stefan Jedrychowski. It was a brief but weighty document.⁴ The Federal Republic formally accepted the existing Oder-Neisse boundary line as it had been laid down at the Potsdam Conference in August, 1945. Both signatories reaffirmed the inviolability of their existing frontiers and stated that they had no territorial claims whatsoever against each

³ New York: Oxford University Press, 1971.

⁴ For the complete text of this treaty see pp. 211ff. of this issue.

other. They declared their intent to settle all their disputes exclusively by peaceful means. They promised to take further steps toward full normalization and comprehensive development of their mutual relations. Not included in the text was a major concession of the Poles: within a month after the signing, the repatriation of ethnic Germans began; more than 50,000 people were soon permitted to leave Poland.

A day after the treaty was signed, Brandt spoke to his countrymen over radio and television, telling them that the treaty would close a dark chapter of European history. He appealed to the German expellees from the East not to persist in bitterness, but to look ahead to the future. The treaty was to put an end to the chain of injustice: "It is not that today our nation is abruptly required to make a sacrifice. It had to make it long ago as a consequence of Hitler's crimes." But he was not satisfied with such polished words. When he toured Warsaw in December, on the occasion of the formal signature of the treaty, he visited the monument for the Jews who had died fighting heroically against their Nazi oppressors in the Warsaw Ghetto (1943), and he sank down on his knees. Many cynics and ardent nationalists did not like his spontaneous gesture, and conservative German newspapers criticized him, but many believe that the world is better off with honest statesmen like Brandt making noble gestures.

The treaties with Moscow and Warsaw were the two most momentous steps of Brandt's Ostpolitik. But he and Scheel were not limiting their efforts to these agreements. They aimed at better relations with the other nations of East Europe, especially Rumania, but also Czechoslovakia. In line with requests from Prague, Brandt declared that he recognized the Munich Agreement as "unjust and not legal," a long overdue concession. This should pave the way for an eventual understanding. But in 1971, German attention focused on another vital topic: the preservation of the freedom of West Berlin, for without it the treaties of Moscow and Warsaw would just be scraps of paper.

On September 3, 1971, the ambassadors of the four Allied great powers signed quadripartite agreements in Berlin which are to assure the freedom of the Western sectors permanently. The Soviet Union declared that transit traffic by rail, roads and waterways would henceforth be unimpeded. West Berliners would be able to visit the Eastern sector and the G.D.R.; for the first time after several years of exclusion, they were permitted to pass through the Wall at Easter and Whitsuntide, 1972. The ties between West Berlin and the Federal Republic were to be maintained and developed, but the city was not to be a constituent part of the Bonn republic. The agreement ends a long sad chapter of frequent international crises in the postwar era. The United States ambassador in Bonn, Kenneth Rush, deserves a great deal of credit for his construc-

tive role in these negotiations, in which all participants made some concessions for the sake of reaching a meeting of minds.

Rush, speaking after the signing, expressed the pleasure of the American people with the agreement; he called it "a sign of the Soviet Union's desire to move from confrontation to negotiation." Brandt assured his countrymen that the West Berliners would be able to live and work in security, but he added words of caution: "Nobody could really have expected that in the present phase of history the Wall would vanish." He concluded his address with a sentence which his fellow Berliner Gustav Stresemann might well have spoken after Locarno and the Berlin treaty: "The friendship with the West and the search for an understanding with the East complement each other."

THE FINAL HURDLE

Brandt and Scheel could be proud of their tremendous accomplishments in the short span of two years. But there remained one big hurdle: they had to win the acceptance of the Moscow and Warsaw treaties in the Bonn Parliament. In the Bundesrat, the Upper House representing the eleven states, they were outvoted 21 to 20, and in the Bundestag they had only a hair-thin majority of six. Yet they entered the parliamentary battle with confidence, for they knew (and so did their opponents in the C.D.U.) from many indications that they had the backing of a majority of the voters, if new elections should become necessary. In the last week of February, 1972, the Bundestag spent 25 hours of lively debate on a first reading of the treaties. Rainer Barzel, the C.D.U. candidate for the chancellorship, argued against their acceptance: "Better no treaty than an ambiguous treaty which would only obscure the remaining differences and thus contain the nucleus of new arguments." And Gerhard Schroeder, the C.D.U. spokesman on foreign affairs, sounded still gloomier: "We fear that both treaties would deepen the division of our country and reduce our security." Most critics showed moderation in the tone of their comments. No vote was taken before the treaties were sent to the proper parliamentary committees. In the late spring, in May or June, the decisive votes are to take place.

Brandt's prestige at home and abroad was greatly
(Continued on page 263)

Felix E. Hirsch, Professor of History and Librarian at Trenton State College, is a former political editor of the *Berliner Tageblatt*. He frequently revisited Germany in the postwar period and served as visiting Professor of History at the Universities of Karlsruhe (1962) and Heidelberg (1965). Among his writings on modern German history, his study of *Gustav Stresemann, Patriot and European* (Göttingen: 1964) is especially pertinent.

"The Ostpolitik signifies the acceptance of the territorial status quo, . . . while Westpolitik . . . introduces another check on German influence." As this author sees it, ". . . the need to regain—and then to maintain—the confidence of the West . . . has motivated West German statesmen to seek reconciliation and cooperation with Western partners."

Germany's Westpolitik

BY CARL G. ANTHON

Professor of History, American University

ONCE AGAIN AN AURA OF EUPHORIA reigned in the French capital as a German Chancellor and a French President presented themselves in the Elysée Palace before assembled journalists, with mutual protestations of complete harmony and understanding. Georges Pompidou, President of the Fifth French Republic since the voluntary retirement of Charles de Gaulle, was honoring his distinguished German colleague, Willy Brandt. The latter had come to Paris on February 10, 1972, for political consultations within the framework of the Franco-German treaty of friendship which had been signed nine years earlier (January 22, 1963) in this same palace. At that time, it was Konrad Adenauer who had been honored by President de Gaulle as they signed a document which was to symbolize the "miracle" of Franco-German reconciliation and the inauguration of an era of close Franco-German cooperation.

The relations between the two countries after signature of the treaty of friendship had turned out to be very different from what the two elderly statesmen had anticipated. The intervening years had been marked by misunderstandings, mistrust and recriminations in many areas of policy, so that Brandt's trip to Paris in a way indicated the advent of a new era of good feelings. The French President proved surprisingly accommodating in the area of European integration: he had consented to the immediate creation of a permanent secretariat for political cooperation, a steering committee for economic policy, and a council of central bank governors,—which might become nuclei for European institutions.

Friendship between Germany and France, the two nations which had warred with each other for a millennium, has been a cornerstone of German foreign policy since the birth of the Federal Republic in 1949. It has also been an integral part of Germany's *Westpolitik*, her full cooperation with the Western allies,

particularly the United States. This policy sprang from the wreckage of World War II and the danger of Soviet expansionism in the immediate postwar years. Ruined and dismembered after the capitulation, shorn of every shred of sovereignty, Germany lay in peril of becoming a political vacuum that invited foreign intervention.

It was American policy, therefore, to rehabilitate West Germany as a dike against the threatening Communist flood. The very creation of the German Federal Republic (G.F.R.) was a product of United States response to the cold war. Cooperation with the West and support of European integration thus seemed to be the built-in foreign policies of the fledgling republic. In fact, the preamble of the Basic Law, the "provisional" constitution of the G.F.R., pledged the German people to "serve the peace of the world as an equal partner in a united Europe," and Article 24 provided for possible transfer of sovereign powers to international institutions.

Conscious option for the West marked Adenauer's statesmanship and made possible West Germany's rapid recovery and her rehabilitation as a strong, respected member of the European community. Only by unequivocal alignment with the West, Adenauer had concluded, could Germany hope to throw off the shackles of the occupation and regain freedom of action. One might in retrospect argue that there was no real option, given the political realities, but Adenauer's opposition, the Social Democratic party (S.P.D.), under Kurt Schumacher, certainly believed in the possibility of other alternatives.

Reunification of Germany held top priority for Social Democrats, and they held rapprochement with the Soviet Union as well as with East Germany to be essential. They bitterly reproached Adenauer for his one-sided commitment to the West. Adenauer's highest priority was for early restoration of national independence. To achieve it, he knew that the West

Germans would first of all have to regain the confidence of the Western nations. He believed that any neutral policy, any oscillation between East and West which might evoke the specter of Rapallo, would be fatal to achieving West German sovereignty. Adenauer's order of priorities therefore was: winning Western confidence, achieving sovereignty for the G.F.R., West European integration with American support and, finally and hopefully, German reunification. Franco-German reconciliation constituted an indispensable prerequisite for the realization of this grand design.

MEDIATOR WITH THE WEST

By background and temperament, Adenauer was peculiarly well-suited to play the role of mediator with the West. A Rhinelander and a Catholic, he had a lifelong dislike for Prussia and her militaristic society (even though he had many of the Prussian virtues), and he shared the resentment of Rhinelanders against the old arrogant, centralistic and nationalistic regime in Berlin. Adenauer believed, in fact, that both Social Democrats and National Socialists were excrescences of the Prussian system. As early as the 1920's he is reported to have confessed that for him the Asiatic Steppes began at Braunschweig,—at Magdeburg he pulled down the shade in his train compartment, and as he crossed the Elbe he spat into it.¹ The Rhineland, together with adjacent France, was once the heart of Christian occidental civilization: Cologne itself, he felt, had greater affinity with Paris than with Berlin.

Yet Adenauer's initial negotiations with the Western allies were far from smooth. The three High Commissioners were by no means elated over the election of this seemingly dour and difficult man, and their sessions with him on the Petersberg—"veto mountain" he called it—were often frosty and acrimonious.² Step by step, session by session, Adenauer tenaciously exacted concessions from his masters, who were themselves driven to yield by the imperatives of the cold war.

The Petersberg Agreement of November, 1949, the first document negotiated by Allied and German representatives, contained the essential principles of Adenauer's foreign policy which he was to follow, in the main, for the 14 years of his chancellorship. The agreement was a compromise in which Adenauer obtained a vital reduction of dismantling operations in return for acceptance of the Ruhr Statute which was to put Germany's coal and steel industries under allied control. An international authority (the Inter-

national Authority of the Ruhr) over German heavy industry was established to meet France's security demands. Adenauer was willing to pay the price for obvious political reasons, and also because the action might lead to closer economic cooperation among the seven participating states (including the Federal Republic). Under the terms of the Ruhr Statute, the Federal Republic was to be admitted to the Council of Europe and was permitted to set up consulates in the Allied countries. Thus, Germany's total isolation was ended, and the path toward her integration as an equal partner in the community of nations was reopened. Also, West Germany once again had the right to establish her own foreign policy.

When the Chancellor presented the Petersberg Agreement to the Bundestag, the Socialist opposition unleashed a storm of protest against Allied occupation policy and against Adenauer personally, whom they accused of authoritarian methods and of betraying German national interests.³ In all these debates, the Socialist opposition maintained that Adenauer's Western policy precluded reunification. They clung to this position for over a decade.

The first concrete steps toward European integration were proposed by France. The Schuman Plan for a European Coal and Steel Community and the Pleven Plan for a European Defense Community were designed above all to overcome the problem of Germany's revival and to facilitate her integration as an equal but harmless partner in a united West Europe. French Foreign Minister Robert Schuman pointed out in a personal letter to Adenauer that the purpose of his plan was not of an economic but of a political nature. France feared, he wrote, that a revived Germany might some day attack France, and that rearmament would be made possible above all by an increased production of coal and iron and steel.⁴

The idea of creating a pool for coal, steel and other vital industries was not new. It had been in the air, so to speak, during the early postwar years, and had been discussed by the Council of Europe and other European organizations. The "Europeanists" in the French administration, Jean Monnet, the real author of the plan, and Robert Schuman himself, saw it as practical step toward integration which might lead to an economic and political community. Adenauer, who first heard of the Schuman Plan the morning it was announced to the press (May 9, 1950), was immediately seized by the idea. Two months before, in an interview with an American journalist, Adenauer had proposed a complete political union between West Germany and France, open also to other states, as the beginning of a United States of Europe. This bold proposal had met with little echo in France. Only Charles de Gaulle, then in sullen retirement, responded favorably, adding that for 30 years he had followed with interest the actions and words of that

¹ Mentioned by Arnulf Baring, *Aussenpolitik in Adenauers Kanzlerdemokratie* (Munich: Oldenbourg, 1969), p. 54.

² Cf. Konrad Adenauer, *Erinnerungen 1945-1953* (Frankfurt: Fischer Bücherei, 1967), p. 241 and *passim*.

³ *Ibid.*, p. 273-282.

⁴ *Ibid.*, p. 315.

"good German." Characteristically, he noted that Attila had been defeated in the fifth century by the combined efforts of Gauls, Romans, and Germans. "A union between France and Germany would continue the work of Charlemagne."⁵

Well before the European Coal and Steel Community (E.C.S.C.) had come into being, the outbreak of war in Korea in June, 1950, forced the Allied governments to face the issue of German rearmament. The French government had repeatedly declared its unalterable opposition. Indeed, the Germans themselves were so thoroughly disillusioned by the war and so successfully re-educated by the occupation authorities that remilitarization efforts ran into a formidable psychological barrier.⁶

Under persistent American pressure, supported by suggestions from Winston Churchill and other "Europeanists" at the Council of Europe and by Adenauer himself, a German defense contribution which would not again threaten Germany's neighbors had to be organized. The Plevén Plan, announced on October 24, 1950, called for a European Defense Community (E.D.C.) to which West European nations including the G.F.R. would contribute military contingents. The E.D.C. negotiations were linked with efforts toward certain "contractual agreements" by which the Occupation Statute would be revised and German sovereign rights would be recognized in internal and external affairs—with certain important reservations. Accordingly, Adenauer himself took over the newly established foreign ministry along with the chancellorship and after 1955, when Heinrich von Brentano became foreign minister, Adenauer continued to make his own foreign policy until shortly before his retirement.

The failure of E.D.C. because of its rejection in the French National Assembly was a heavy blow for Adenauer and, as he wrote, "a black day for Europe." Fortunately, a solution was found, largely through the initiative of the British government. It had chosen to opt out of the E.D.C., but now proposed an association of the G.F.R. in a newly-formed Western European Union (W.E.U.) consisting of the E.C.S.C. Six and Britain. The new plan provided for the integration of a German *Bundeswehr* within the NATO structure, but it killed the prospect for a European army as well as for a European Political Community.

THE PARIS AGREEMENTS

By the so-called Paris Agreements, signed in Paris in October, 1954, the occupation regime was ended

in Germany: she was admitted to NATO; and allied troops continued to be stationed in Germany by special agreement with the G.F.R. It was a tremendous triumph for Adenauer to have achieved almost complete independence and a status of equal partnership for the G.F.R. with her former enemies in a period of less than six years.

Anti-German feeling in France was doubtless an important factor in the E.D.C. fiasco. Adenauer was fully aware of the burden of the German past, and labored energetically to overcome the lingering distrust of Germany in Western countries. To this end, his government signed the London Debts Agreement in 1953, whereby the G.F.R. assumed responsibility for Germany's prewar and postwar foreign debts to the tune of DM 14 billion (\$3.3 billion). At the same time, negotiations had been conducted with the state of Israel and with Jewish organizations to pay compensation to victims of Nazi persecution, totaling some \$10 billion. Equally important but less tangible were the successful efforts to improve Germany's image abroad through cultural programs, exchanges, and Goethe Institutes.

French Premier Pierre Mendès-France had made his government's approval of the Paris treaty package contingent upon a satisfactory solution of the Saar question. Ever since the end of the war, French governments had demanded the separation of this strategically and economically important district from Germany. At first the Saar was part of the French occupation zone in Germany, but it had been severed from Germany after 1947 with allied approval, and transformed into a kind of French protectorate under a French High Commissioner.

In patient, protracted negotiations with Mendès-France, Adenauer made a substantial concession by agreeing to the Europeanization of the Saar within the framework of W.E.U. until such time as a definite peace treaty might be signed. However, the Saarlanders were given the right to vote on this European statute, and for this purpose the French government agreed to relax the restrictions against opposition parties and press in the Saar. It was generally expected that the Saarlanders would vote for the European statute. Adenauer encouraged them publicly to do so. But when the referendum took place in October, 1955, 68 per cent rejected Europeanization. New negotiations between Adenauer and Antoine Pinay, conducted in an atmosphere of surprising amity, specified the conditions under which the Saar was to be rejoined to Germany. They involved very considerable economic sacrifices on the part of the G.F.R. in terms of coal deliveries to France, mining rights, and financial cooperation in canalizing the Moselle River from Thionville to Koblenz. On January, 1, 1957, the Saar once again became German. It was a remarkable achievement, made possible by the

⁵ *Ibid.*, p. 304. See also the commentary in Baring, *op. cit.*, p. 375, and F. Roy Willis, *France, Germany and the New Europe 1945-1967*. Revised and expanded edition (New York: Oxford University Press, 1968), p. 78ff.

⁶ A public opinion poll in December, 1949, showed that 74.6 per cent of those Germans questioned were opposed to serving again in the army. Cf. Willis, *op. cit.*, p. 145f.

rational give-and-take attitudes of the negotiating powers. Moreover, the defeat of the project in Europeanization turned out to be a blessing in disguise, for a European Saar would no doubt have continued to be a bone of contention between France and Germany. With the liquidation of this issue, the work of Franco-German rapprochement could be resumed.

Meanwhile, the West German government had vigorously supported efforts among the Six of the E.C.S.C. to create a European Common Market. In the Rome treaties, signed in March, 1957, Adenauer saw another concrete step toward political integration and closer Franco-German interdependence. Great Britain's continued refusal to join a common European effort underlined the importance of ever closer German relations with France.

The return of General de Gaulle to power in June, 1958, seemed to throw into jeopardy the lofty aims of the "Europeanists" and the concrete supranational steps taken thus far. However, the first meeting of the two leaders in September, 1958, dispelled, it seems, all Adenauer's fears. During this first intimate conversation, assisted only occasionally by an interpreter (for de Gaulle knew enough German, and Adenauer enough French to facilitate personal communication), the foundations for a long, warm friendship were laid. De Gaulle frankly admitted his reservations regarding the European institutions and NATO, but pledged his willingness to cooperate, provided France's political and economic interests were safeguarded and provided that she could play a more independent role in Europe and the world. In contrast to Germany, whose interests were confined entirely to Europe, France still had responsibilities in Africa and various other parts of the globe. French fears of a threat from Germany, which de Gaulle admitted he too had harbored in earlier years, had disappeared because of radically altered political conditions in Germany.

DE GAULLE'S PLAN

Just what kind of a new Europe he had in mind, de Gaulle soon made very clear. He began by sabotaging British efforts to negotiate an association between the E.E.C. and the other O.E.E.C. countries. Adenauer acquiesced in de Gaulle's policies in the interest of Franco-German solidarity, especially since de Gaulle seemed to be acting as champion of E.E.C. integration.

In order to move toward political union (as called for in the Rome treaties), in 1959 and 1960, de Gaulle and his Premier, Michel Debré, announced certain plans for a "confederation" of West European states, a loose union of sovereign states, based on cooperation, not fusion, which could play an indepen-

dent role between the two superstates. This was a clear thrust against the European federalists and against the tendency toward supranationalism within the E.E.C. De Gaulle's proposals, which were later formalized in the so-called Fouchet plans of 1961-1962, met with considerable criticism and resistance among some of France's E.E.C. partners, particularly Belgium, whose foreign minister, Paul-Henri Spaak, vigorously held out for genuine political integration and for early British membership in the E.E.C. In Germany, not only the Social Democrats but even Adenauer was disturbed by de Gaulle's derogatory allusions to the E.E.C. executives and by his negative attitude towards NATO. In a meeting at Rambouillet in July, 1960, Adenauer expressed his concern to de Gaulle, emphasizing that the Atlantic Alliance must remain intact and that the continued commitment of the United States was absolutely essential to Europe's security.

Despite criticism, de Gaulle managed to get the tentative support of both Adenauer and Premier Amintore Fanfani of Italy for the Fouchet plan of an "organized union of states" that would become "the most powerful, most prosperous, and most influential political, economic, cultural and military grouping of the world."⁷ The project was killed at the Paris Conference of the Six in April, 1962, when the Belgian and Netherlands foreign ministers refused to be bullied by French Foreign Minister Maurice Couve de Murville's attempts to impose a plan for what appeared to be a French European Community. They also insisted that no further steps be undertaken toward political union before E.E.C. membership was granted to Britain (whose application had been submitted the year before).

In his anger over this fiasco of French diplomacy, de Gaulle turned to Adenauer to create a Franco-German axis that might serve as a cornerstone of a kind of revived Carolingian commonwealth. An exchange of state visits followed in 1962, which showed wide popular support for Franco-German friendship.

Before the Franco-German wedding was consummated, however, de Gaulle imperiously vetoed British membership in the E.E.C., after 18 months of head-splitting negotiations between London and the Six, and without consulting his partner across the Rhine.

De Gaulle's dramatic coup caused dismay in Germany. The press unanimously denounced it, and many urged Adenauer to postpone his journey to Paris for the signature of the Franco-German treaty. But Adenauer was not dissuaded by his critics. He was determined to go through with the reconciliation rites which were to take place in the Elysée Palace in January, 1963, just one week after the press conference that had rejected Britain. No doubt Adenauer was moved by romantic, almost mystical feelings toward France and by the prospect of reviving a West Euro-

⁷ Quoted from Willis, *op. cit.*, p. 297.

pean Christian commonwealth; no doubt he felt that reconciliation was the crowning achievement of his long but declining career (he was planning to retire within a few months). But it is clear that he was also disturbed by American policy which seemed to him uncertain and wavering as far as Europe was concerned, especially after the Cuba crisis of October, 1962, and the Nassau Agreement on Polaris missiles a few weeks later.

THE FRANCO-GERMAN TREATY

The treaty provided for regular meetings of officials, cooperation in matters of foreign policy, defense and cultural relations. It was widely acclaimed in France, but aroused concern in Germany because it clearly seemed to opt for a Franco-German axis at the expense of cooperation with Britain and the United States. Adenauer always denied this, but before the treaty could be ratified by the *Bundestag* he was forced to agree to the insertion of a preamble, proposed by the Social Democrats, which specifically reasserted West Germany's traditional foreign policy objectives, e.g., European integration with the admission of Britain, cooperation within the Atlantic Alliance, and German reunification. It was ironic that Adenauer had to be reminded by his parliamentary opposition of the very goals he had so consistently pursued.

The bond was subjected to severe tests from the very beginning. De Gaulle recognized Red China (without consulting Bonn), fought the Multilateral Nuclear Force (in which Bonn was very much interested), began the French pullout from NATO (frightening the Germans), embarked on an intensive flirtation with Moscow and East European countries (even more frightening), and engaged in an unremitting quarrel with the E.E.C. and its supranationalism. On almost all basic issues Germany and France appeared to be on opposite sides, and de Gaulle seemed to be trying not only to impose his will but also deliberately to humiliate Germany.

The government of Chancellor Ludwig Erhard which succeeded that of Adenauer in October, 1963, was in a dilemma. Was the Federal Republic of Germany to follow the chauvinistic notions of de Gaulle toward a French-dominated continental bloc and thereby seriously to jeopardize Bonn's relations with Washington? It was a choice West Germany was unwilling to make. Erhard disagreed with the philosophy of de Gaulle's Grand Design for Europe and the world. He believed in the expansion of the E.E.C. both functionally and geographically, and his government continued to press for reopening negotiations with Britain.

Meetings between de Gaulle and Erhard were marked more by disagreement and bitterness than by harmony and cooperation. Bonn stalled on implementing the Franco-German treaty; cooperation was limited chiefly to cultural and youth activities. Germans themselves were divided into "Atlanticists," led by Erhard, Foreign Minister Gerhard Schröder, and Ernst Majonica, and "Gaullists," a small minority led by Adenauer, Franz-Joseph Strauss and Freiherr von und zu Guttenberg. Even Adenauer was estranged by de Gaulle's exalted nationalism and his reckless rhetoric in denouncing the United States and wooing the Soviet Union, and warned de Gaulle publicly and privately against collaboration with the Soviets.⁸

For nearly four years the battle raged within the E.E.C. over a common agricultural policy. The crucial issue was the establishment of a common price on grain. Germany, whose agricultural prices were admittedly too high, capitulated by conceding a much lower wheat price in December, 1964. This was a painful decision for Erhard, who risked antagonizing the farmers and losing their vote for the C.D.U.-C.S.U. But the path to an agricultural common market was not yet clear. A sharp dispute arose among the Six over the financing of agricultural policies and de Gaulle seized the chance to block further supranational development of E.E.C. by withdrawing the French delegates. His "empty chair" policy aroused anger and dismay in Germany, yet neither Erhard nor the other Four were prepared to force the issue and risk the breakup of E.E.C. When the Council of Ministers finally reassembled in January, 1966, they submitted (after brave give-and-take negotiations) to the essential demands of de Gaulle.

The result, miraculously enough, was the establishment of a common agricultural and industrial market effective July 1, 1968; but the further supranational development of the Community was arrested. Professor Walter Hallstein, its protagonist, and de Gaulle's *bête noire*, was the lamentable casualty of this titanic hassle. He was forced to resign in the following year. Another casualty was Erhard, whose position had been undermined by de Gaulle's reproaches, and who was made the scapegoat for the

(Continued on page 261)

Carl G. Anthon served as Higher Education Adviser for the United States High Commission in Berlin (1949-1952) and as Executive Secretary of the Fulbright Commission in Bonn (1958-1960). He has taught at various colleges and universities, including the American University of Beirut (1955-1958) and was a Fulbright Visiting Professor at the John F. Kennedy Institute of the Free University of Berlin (1967-1968). He has previously contributed to *Current History* and has published articles and reviews on recent German history and German affairs.

⁸ Yet even from his deathbed Adenauer evidently implored Chancellor Kiesinger to maintain friendship with France. Cf. Baring, *op. cit.* p. 374.

In the 1970's, the Bundeswehr is moving toward becoming an unmistakably defensive force. While that is contrary to the long-held belief that a credible deterrent requires a certain offensive "bite," the command looks to the future with more confidence than it has had for several years."

West Germany's Security Policy

BY EARL F. ZIEMKE

Professor of History, University of Georgia

ALMOST A FULL GENERATION after World War II, the Federal Republic of Germany is still struggling to overcome its past and uncertain about the meaning of military strength for the national life of the present and the future. The *Bundeswehr* (armed forces) is heir to the oldest military tradition in Europe, much of which it hesitates to claim but by which it is inevitably judged—and frequently found wanting. The country's 600-mile eastern border, from the Baltic Sea to the Danube River, is at once the most exposed frontier in Europe and a constant reminder to the Germans of an earlier military misadventure. West Germany is the heaviest European contributor to the North Atlantic Treaty Organization (NATO) and has a major voice in the alliance. But she has always had trouble convincing herself that, in case of an invasion, NATO could hold a line east of the Rhine River—which is where close to 90 per cent of the West German territory lies. German young men bear arms without the blind obedience attributed to their forebears but also with the considerable skepticism toward the allegedly higher motivation of the citizen soldier that the *Bundeswehr* has tried to inculcate in them during the 16 years of its existence.

The dilemmas and contradictions of their military situation are nothing new to the Germans. They have roots deep in the past, and it is these roots that have provided the texture in the fabric of West German military development. In the spring of 1948, when the United Kingdom, France and the Benelux countries signed the Brussels Treaty and formed the Western Defense Union—the forerunner of NATO—the occupation forces in Germany were still trying members of Hitler's *Wehrmacht* as war criminals. On the other hand, one part of the *Wehrmacht*, the eastern intelligence branch of Army intelligence, under General Reinhard Gehlen, had worked under United

States sponsorship right through the occupation with scarcely a pause and would just as easily pass on in the 1950's to the Federal Republic. In September, 1949, although the United States Army had already begun to plan for German military units to be included in NATO, the Occupation Statute imposed continuing Allied-supervised disarmament and demilitarization on the newborn Federal Republic; and two months later, in the Petersburg Agreement, the Federal Chancellor, Konrad Adenauer, pledged his government "to prevent the reestablishment of armed forces of any kind."¹

The German people were, in fact, so indifferent to rearmament in the late 1940's, and Germany's neighbors, on the west as well as the east, were so hostile to the idea, that without a compelling turn of events, the country was likely to stay disarmed for a long time to come. The North Koreans provided that turn with the invasion of South Korea in June, 1950, which appeared also to presage armed Soviet aggression in Europe. In August, the Allied High Commissioners asked Adenauer whether he could contribute a force of volunteers to the West European defense, and Adenauer offered to contribute a contingent in return for an end to the occupation, and virtual sovereignty for the Federal Republic.

Despite the profitability of Adenauer's bargain and the apparent urgency of the Soviet threat, the second largest party in the Federal Republic, the Social Democrats, opposed rearmament, and in an almost unheard of action in German politics, Adenauer's Minister of the Interior, Gustav Heinemann (since 1968 President of the Federal Republic), resigned his post in protest. To mollify equally strong opposition in France, the French Premier, René Pleven, put forward a plan whereby Germans would serve only as part of an integrated European army, and the Germans joked that what Pleven wanted was a German force strong enough to defeat the Soviet Union but too weak to be a threat to France. Even the Pleven Plan, restyled the European Defense Com-

¹ Hans Dollinger, ed., *Die Bundesrepublik in der Ära Adenauer* (Munich: Desch, 1966), p. 57.

munity (EDC) to associate it with the popular economic community idea, was strong medicine for the French, and the negotiations dragged into mid-1954. Then, the Korean War having ended and Stalin having died, the French National Assembly rejected the EDC.

FROM EDC TO *BUNDESWEHR*

Although the direct Soviet threat had diminished, the NATO governments, including France, remained committed to finding a place for Germany in the European security system; and they were strengthened in their determination by a persistent Soviet campaign for a neutralized Germany. On October 23, 1954, less than a month after the French National Assembly rejected the EDC, the NATO Foreign Ministers and the Federal Republic of Germany signed the Paris Agreements, ending the occupation, conferring sovereignty on the Federal Republic (excepting the rights to manufacture nuclear, biological, or chemical weapons), and admitting West Germany as a full partner in NATO. The Paris Agreements went into effect on May 5, 1955, and four days later, without an army, navy, or air force, the Federal Republic became a member of the NATO military alliance.

The NATO Military Committee had set (in 1951) the projected West German strength at 500,000 men including 12 army divisions; but as of July 16, 1955, when the *Bundestag* (legislature) authorized recruitment of 6,000 volunteers, no legal provision had been made for military forces in West Germany. During the next two years, often after long and angry debate, the *Bundestag* passed legislation that gave the *Bundeswehr* legal status and aimed at allaying the public hostility to everything military, reflected in the then popular slogan *Ohne mich* (without me). Most important in the latter respect were the "Soldiers' Law," enacted in March, 1956, which guaranteed full civil rights to the troops, and amendments to the Basic Law (constitution), which established civilian control over the armed forces.

The amendments made the Minister of Defense commander-in-chief of the armed forces in peacetime and the Federal Chancellor commander-in-chief in wartime, and created a defense committee of the *Bundestag* with authority to investigate any matter pertaining to the military. Every German was also held to have a constitutional right to refuse to serve on grounds of conscience, and a special act created the post of Military Commissioner, a kind of *Ombudsman* responsible to the *Bundestag* and charged with receiving and investigating soldiers' complaints. After particularly acrimonious debate, the *Bundestag* accepted conscription in July, 1956, but by then talk of United States defense reductions had brought into

question the 500,000-man commitment to NATO, and in September, the government announced it would use the conscription authority to recruit only about 350,000 troops for a 12-month period of service.²

One thing the West Germans, people and government alike, agreed on was that they would not return to the military systems of the past. Before World War I, the army had been the army of the Emperor; the *Reichswehr* under the Weimar Republic had been practically a state within the state; and the World War II *Wehrmacht* had taken its oath to Hitler. The soldier in the *Bundeswehr* was to be a citizen in uniform—a soldier, yes, but always a free citizen first. To meet that requirement, the planners of the *Bundeswehr*, in particular General Count Wolf Baudissin, developed the "inner leadership" concept. Its goal is to develop self-discipline and initiative in the citizen soldier while allowing him the maximum of personal freedom. The "inner leadership" was conceived as and has been treated as a program, not just a piece of window dressing.

Since the end of World War II, the West Germans have believed—with logic difficult to refute—that in a future European war their chief role most likely will be to provide the battlefield. The strategic choice, as far as they have had any, has been between some form of Soviet-sponsored neutralization with doubtful political and military consequences and an alliance with the West hopefully strong enough to deter an attack or, should the worst befall, capable of carrying the war to the enemy in short order. Most Germans most of the time have preferred the second alternative, but with the uneasy knowledge that while they cannot determine the strength of the alliance, they might very well be the first to suffer from its failure.

Because of their special problem, the United States (and NATO) doctrine of the 1950's probably suited most Germans better than any developed since. It employed the threat of massive nuclear retaliation as the deterrent and envisioned a two-stage, "shield and sword," response to an attack. In the first stage, the "shield" of conventional forces would meet and stop the enemy. The first stage would last, possibly, only hours, days at most, just long enough for the "sword," the United States nuclear power, to come into play against the enemy's concentrations at the front and his bases and production centers in the rear. Thereafter, if necessary, the "shield" forces would drive the enemy back into his own territory. The "shield," 12 German divisions and enough other NATO divisions to bring the total to 30, would be no match for the much larger number of divisions the Soviet Union and its satellites could put into the field; but it would not need to be, since nuclear superiority would redress the balance.

The outstanding figure in the *Bundeswehr's* devel-

² James L. Richardson, *Germany and the Atlantic Alliance* (Cambridge: Harvard, 1966), p. 42n.

opment during the era of massive retaliation was Defense Minister Franz-Josef Strauss. Head of one of the major political parties, the Christian Social Union, he had an independent power base and was to become both the strongest and most controversial of the Federal Republic's defense ministers. Strauss, following the example of the Eisenhower administration in the United States and his own preference, de-emphasized manpower consuming conventional forces and concentrated on deterrence, which was then considered to be best achieved by acquiring a variety of techniques and vehicles for delivering nuclear explosives. The Paris Agreements prohibited West German manufacture of nuclear weapons; but the United States was willing to stock nuclear warheads (under its control) for German-operated delivery systems; and in March, 1958, Strauss led a successful fight in the *Bundestag* for a law permitting nuclear armaments in the *Bundeswehr*. Thereafter, the Federal Republic contracted to build or buy a number of United States offensive and defensive missile systems, some capable of carrying nuclear warheads several hundred miles. The heart of the *Bundeswehr's* deterrent and retaliatory capability was to be the F-104 G "Star fighter," a Mach 2 U. S. fighter modified (hence the "G" for "German") to double as an all-weather fighter-bomber able to deliver nuclear bombs to targets at least as distant as Minsk in the western Soviet Union. Strauss contracted for German firms to build over 800 "Starfighters" under license in the 1960's.

FLEXIBLE RESPONSE

The Kennedy election of 1960 opened a new and painful phase in German defense thinking. The doctrine of massive retaliation, already somewhat watered down in the Eisenhower years, appeared to President John F. Kennedy and his advisers to have lost its credibility. The Soviet Union had nuclear weapons and the means of delivering them to United States targets, hence it was not likely to be deterred from military adventures to the same degree as formerly by the threat of instant nuclear retaliation. The Kennedy administration, therefore, concentrated on rebuilding its conventional forces to fight so-called "brush-fire wars" and on evolving a doctrine of flexible response in which reactions to aggression would be scaled at a number of levels short of all-out nuclear war.

In the aftermath of the Berlin Wall crisis of August, 1961, the Federal Republic accepted the new United

States thinking to the extent of increasing the period of service for draftees to 18 months and agreeing to bring the *Bundeswehr* up to the strength of 12 full divisions and 500,000 men as projected in the original NATO plans. But as the United States moved toward coexistence and away from nuclear confrontation, the West Germans, worried that it was they who would eventually pay the price, began openly to oppose the flexible response doctrine. They objected particularly to the idea of a "pause" or a "threshold," a period in which even an almost all-out attack would be met only by conventional methods. They could see the Federal Republic being gobbled up by superior Soviet conventional forces before the nuclear "threshold" was reached.

Until he was forced to resign in 1962 as a result of the *Spiegel* affair, Strauss led the opposition to the flexible response, for which he proposed to substitute an independent European nuclear capability.³ Subsequently, until the mid-1960's, the Defense Ministry fought a last-ditch action against the flexible response, insisting that there could be no division into time phases or separation of nuclear and conventional defenses and demanding a "forward defense," *i. e.*, a defense designed to hold aggressors off West German territory.⁴

CROSSCURRENTS

The late 1960's plunged the Federal Republic into a tangle of defense problems, beginning in early 1966 with French President Charles de Gaulle's announced withdrawal of French military forces from NATO. De Gaulle agreed to leave two French divisions stationed in West Germany, but for the Federal Republic his move, nevertheless, signaled a crumbling of the alliance and a sharp turn away from European unity and back toward a nationalistic, every-man-for-himself philosophy.

In December, 1966, the Federal Republic underwent the most sweeping change in government so far in its existence. The Christian Democratic/Christian Social Union, the dominant force in West German politics since 1949, entered into the "Great Coalition" with its long-time opposition, the Social Democratic party. Rearmament, nuclear armament in particular, was one of the oldest, hardest fought issues between the two.

Although by then no longer much of a surprise, the most serious blow to West German plans came in May, 1967, when the NATO Defense Ministers formally adopted the flexible response as the alliance strategy and, equally disconcerting from the German point of view, at the same time began dismantling the NATO "shield." While insisting that the flexible response constituted a more credible deterrent because it promised to meet force with equal and like force rather than the somewhat empty threat of nu-

³ After the news magazine, *Der Spiegel*, published an article in its October 10, 1962, issue describing the *Bundeswehr* as "limited" in its readiness, Strauss charged the editors with treason and had them arrested under circumstances reminiscent of the Nazi period.

⁴ *Presse-und Informationsamt der Bundesregierung, Deutschland Heute* (Weis-Baden: Steiner, 1965), p. 332.

clear annihilation, the Americans and British announced they were going to withdraw 41,000 men from their forces stationed in Germany. The "Big Lift" (transoceanic airlift) would supposedly bring the United States troops back to meet a crisis, but that would require decisions that might be made too late or not at all. All the Federal Republic was able to salvage of its "forward defense" doctrine—which it had assumed to imply carrying the fight east of its own border—was a somewhat vague commitment to conduct the defense as far forward and as close to the border as possible.⁵

After the flexible response decision, the West Germans talked more about "security policy," for them a relatively new term, and less about "defense policy." Security policy was taken to consist of diplomatic efforts—alliances, reduction of tensions, and disarmament—first, and armed defense second.⁶

In the meantime, since early 1966, the Federal Republic had been experiencing the first dip in its post-war economic boom, and in July, 1967, with the Social Democrats strongly in favor both for economic and for policy reasons, the Cabinet voted to reduce the defense budget for the next four years.⁷ Fearful of touching off further allied troop withdrawals, the Government decided not to reduce the *Bundeswehr*, but to freeze it at the 460,000-man strength it then had, and to stretch out the weapons and equipment procurement programs.

The Soviet invasion of Czechoslovakia in August, 1968, loosened the budgetary pursestrings somewhat. At the same time, however, it further undermined West German confidence in the flexible response. The invasion brought 12 to 15 Soviet divisions into Czechoslovakia, where they were also in position to strike against the reduced NATO forces; and while the "Big Lift" presupposed a reaction time of 15 to 30 days, the Soviet command had demonstrated its ability to move with breathtaking stealth and speed. *Der Spiegel* commented, "Any troops not present in Europe at the beginning of a crisis will arrive too late."⁸

BUNDESWEHR READINESS

The *Bundeswehr* claims—probably without exag-

geration—to be the most modern military force in West Europe. The Army has 12 divisions, some of nearly all kinds of United States-developed missiles up to the 700-mile range "Pershing," atomic artillery, tanks, armored personnel carriers, helicopters, and enough motor vehicles of all kinds to provide two for every seven soldiers. The Air Force flies a formidable fleet of "Starfighters" and is buying twin-jet RF-4E "Phantoms" to enhance its striking power in the 1970's. The Navy can put to sea destroyers (including several United States-built guided missile destroyers), frigates, and torpedo boats, is building a fleet of 350-ton submarines reportedly able to reach 25-knot speeds under water, and plans to replace all its older vessels with the most modern types by 1980.

On the other hand, the up-to-date military hardware has engendered its own disappointments. Heavily committed to rockets for air defense, the *Bundeswehr* has learned from the experience in Vietnam that United States pilots find ground-launched rockets comparatively easy to evade; it has begun buying conventional antiaircraft guns—from which it also hardly expects wonders since the elaborately equipped World War II *Wehrmacht Flak* only managed to down 9 out of every 1,000 incoming planes. The Navy's 40 conventionally armed torpedo boats face nearly 250 similar East Bloc craft, many with "Styx" missiles; and the amagnetic steel used in its new submarines has shown tendencies to corrode and to crack under pressure. The most controversial weapon has been the "Starfighter" which has crashed with a dismaying regularity.⁹ The Germans, who at the end of World War II led the world in jet aircraft development, like to find fault with the American design (when not blaming former Defense Minister Strauss who ordered the plane in the first place); but, in fact, the "Starfighter" appears to have been just too complicated a machine to build, fly and maintain for an out-of-practice industry and air force. The "Phantom," faster and more powerful, but easier to fly because it carries two pilots, may resolve the problem.

The public and the government and the military professionals, often for different reasons, are all concerned about the *Bundeswehr* personnel. The Army holds the world record for conscientious objectors, a serious shortage of noncommissioned officers, and an aging officer corps. The draftees come mainly from the urban working class. Farm youth, mainstay of the old army, have exemptions, and high school and university students generally either find exemptions or become objectors.

Career noncommissioned officers are difficult to recruit and retain, among other reasons, because of what has been described as the "Platzek trauma." "Grinder" Platzek, a sadistic, dim-witted sergeant in a widely read novel about the World War II army, has been taken—among the youth especially—as typi-

⁵ See Horst von Zitzewitz, "Die neue NATO-Strategie und die Bundeswehr," *Aussenpolitik*, August, 1967.

⁶ See also Klaus Seemann, "Die Landesverteidigung der Bundesrepublik Deutschland als organisatorisches Problem," *Wehrkunde*, May, 1966.

⁷ The Federal Republic's defense expenditures had never been exceptionally high. They averaged about 5.5 per cent of the gross national income in the years 1962–1967, as compared with somewhat over 10 per cent in the U. S., 6.2 per cent in France, and 6.7 per cent in the United Kingdom. In the year 1967, the population of the Federal Republic spent 20 billion marks on defense and 11 billion on beer. It was a record year for beer, but also close to a record for defense spending.

⁸ *Der Spiegel*, September 2, 1968.

⁹ The last figure known to this writer was 144 crashed or wrecked as of mid-October, 1971.

fying the noncommissioned officer. The number of officer candidates in 1969 (probably also in the succeeding years) was less than half those needed. No longer a member of the most respected profession, the junior officer has limited prospects for promotion past the rank of major and regards the *Bundeswehr's* future as uncertain.

The "inner leadership" has so far survived all the strains to which the *Bundeswehr* has been subjected. The soldier (to the surprise of those who expected the old German compulsive obedience to reassert itself) has and uses the right to appeal over the heads of his superiors to the Defense Commissioner and the civil courts. Among other recent decisions, the courts have held that soldiers have a right to wear their hair any length they please, to be addressed by officers as *Herr* (Mr.), and to claim conscientious objection at any time. After more than a decade and a half of experience with it, some officers are becoming allergic to the "inner leadership." Some probably always were. A number of junior officers and senior NCO's reportedly found the neo-Nazi National Democratic party's promise to put the old spirit back in the *Bundeswehr* attractive before the 1969 elections. In late 1970, the newspapers disclosed a document which Army Inspector General Albert Schnez, the top-ranking officer in the Army, had circulated secretly among the senior generals. In it he called for a reform "in head and members" and specifically for less lenient interpretation of the right not to serve, limits on the right to appeal military sentences to civil courts, a return to some punishments discarded as "chicanery" under the "inner leadership," and a requirement that soldiers present their complaints to their immediate superiors before taking them to the Defense Commissioner. Last year, 30 captains commanding companies submitted a joint memorandum to the Defense Minister demanding tightened discipline. It does not seem likely, however, as long as uncertainties about the place and value of the armed forces continue, that the people or the government will tolerate even a suspicion of re-Prussianization in the Army.

The present Defense Minister, the Social Democrat Helmut Schmidt, proposed in late 1971 to raise the *Bundeswehr's* strength from the 460,000 at which it was frozen in 1967 to the 500,000 NATO-planned level; but his interest is apparently less in combat readiness than in social justice. (Currently about 40,000 young men escape service each year simply because there is no room for them.) At the same time Schmidt intends to reduce the service period from 18 months to 15, which will entail a proportionate decline in effectiveness.

Schmidt is sponsoring another reform that is certain to have profound effects on the *Bundeswehr* and may be significant for other nations' forces as well.

In the 1970's, he proposes to make military pay at all levels equal that given to civilians with similar skills, to scrap the idea that every man (no matter how skilled) has to have an officer or NCO (who may know less about the job than he) constantly looking over his shoulder, and to do away with the traditional military dogmas that pay must be uniform within each rank and that rank is determined primarily by the number of subordinates an individual has. In the future, for instance, a sergeant piloting a "Starfighter" will draw the same pay as a major in the same job if the major does not have any extra command responsibilities.

A STRATEGY FOR THE SEVENTIES

Late in 1966, a retired colonel, Bogislaw von Bonin, widely regarded as the Federal Republic's most incisive military thinker, outlined a new strategy. The Federal Republic's only effective defense, von Bonin contended, is the United States nuclear arsenal because the Soviet command will not risk an invasion of West Europe unless it can neutralize the United States atomic strength first. Conventional armies, Soviet or any other, he insisted, are obsolete. Nuclear bombs will make the decision. For the Federal Republic, then, since it cannot influence the outcome, the wise course would be to get out of the line of fire, like the cowboy in a television western who knows his is not the fastest draw and refrains from wearing a gun. To accomplish that, as von Bonin saw it, the Federal Republic should give up all of its nuclear delivery systems, get all nuclear warheads off its soil, and replace the so-called "credible deterrent" with a defensive posture so obvious that no other nation could feel remotely threatened. The *Bundeswehr*, under von Bonin's plan, would be cut, rebuilt mainly with anti-tank weapons, and kept just strong enough to prevent an invasion on the cheap—possibly a Korean War-style Soviet attempt to use the forces of the German Democratic Republic and thus avoid the nuclear issue.

Von Bonin's strategy had—and as far as this writer knows, has—no official standing; but it coincided with powerful impulses—the NATO decision on the flexible response and cuts in the defense budget—that have moved West German military thinking toward the kind of defensive orientation he advocated. In

(Continued on page 263)

Earl F. Ziemke was a supervisory historian in the Office of the Chief of Military History, Department of the Army from 1955 until 1967, when he moved to the University of Georgia. His most recent book is *Stalingrad to Berlin: The German Defeat in the East* (Washington, D.C.: GPO, 1968), and he has written a volume, *The Army in the Occupation of Germany*, to be published in the Army Historical Series.

In West Germany today, "political stability is enhanced by constitutional provisions and the current representation of only three democratic parties in the Bundestag."

Politics in West Germany

BY GERARD BRAUNTHAL

Professor of Political Science, University of Massachusetts

ONE OF THE MOST REMARKABLE features of the contemporary political situation in the Federal Republic of Germany (F.R.G.) has been the political stability the government has enjoyed since its inception in 1949. In the post-World War II era, few other democratic countries can match the record of the F.R.G., which has been ruled by only four Chancellors in 23 years, and which has hardly experienced a major political convulsion either in the foreign policy or domestic policy sphere.

Obviously, under this placid surface, strains and stresses have not been absent. But they have been mild in comparison to the Weimar era (1919–1933), when Germany was governed by 21 Cabinets, of which more than half survived less than six months. Then the party system was fractionalized, with six major parties and many minor parties normally competing for power. Political instability among the constantly shifting coalition Cabinets was so high that eight national elections for the Reichstag (Lower House) had to be called.

Consequently, government policies lacked continuity and could not cope satisfactorily with continuing major crises of a constitutional, political and economic nature. These ranged from the question of war guilt, reparations, inflation, and the depression, to the rise of the Nazi movement. The succession of crises led eventually to the downfall of the Weimar Republic, although it might have been saved if there had been a strong commitment among the electorate to the democratic parties and the principles of democracy.

Hitler's rise to power in 1933 marked the end of the short-lived Weimar Republic, ushered in a totalitarian system, and produced the holocaust and World War II. This catastrophic period in German history had a traumatic effect on the surviving population, which had to wrestle with the questions of individual and collective guilt. In the initial occupation years (1945–

1949), the Western allies made attempts, not always successful, to erase the vestiges of Nazism and to create the foundations of a new democratic order in their three zones. In 1949, they granted permission to West German political leaders to create a new state based on a democratic constitution (Basic Law).

POLITICAL STABILITY

The first and several subsequent elections in the F.R.G. produced a plurality of votes for the conservative-oriented Christian Democratic Union/Christian Social Union (C.D.U./C.S.U.).¹ As a result, its leader, Konrad Adenauer, became Chancellor and formed a number of coalition Cabinets in order to muster a majority vote in the Bundestag (Lower House). Adenauer remained Chancellor for 14 years, a length of service equal to the span of the Weimar era. The success of Adenauer in maintaining political stability must be attributed to a host of factors not present during the Weimar period: Western allied support of the new government, the absence of any World War I "stab in the back" legend, the rise of only two major democratic parties, the political repudiation of Nazism and the failure of extremist parties to muster significant support, consensus among the governing parties on major domestic and foreign policies, unprecedented economic prosperity, and Adenauer's strong personality.

Political stability has not been shattered by Adenauer's successors. Despite a difference in political style and personality, Ludwig Erhard, heading a C.D.U./C.S.U.-dominated Cabinet from 1963 to 1966, maintained a high degree of continuity in basic policies. From 1966 to 1969, Kurt Georg Kiesinger (C.D.U./C.S.U.), heading a "Grand Coalition" Cabinet with the former major left-of-center opposition party, the Social Democratic party (S.P.D.), also managed to maintain political stability in spite of an important shift in foreign policy.

Such stability could not be maintained during the Weimar era when the host of parties, strongly committed to clashing ideologies and programs, were in-

¹ In the 1957 election, the C.D.U./C.S.U. obtained a majority of the vote, but Adenauer formed a coalition Cabinet anyhow. For a general recent survey on German politics, see Arnold J. Heidenheimer, *The Governments of Germany*, 3rd ed. (New York: Crowell, 1971).

capable of agreeing on basic policies. But in the F.R.G. era, ideological schisms have become muted, and pragmatic views have become more pronounced, as each major "catchall" party attempts to broaden its appeal to the bloc of floating voters. Neither party can afford to take an extremist position for fear of losing this bloc—and the next election. Hence, each one will draft an electoral program that strays only slightly to the right or left of center, although it will contain shades of differences in ideological views and on specific issues.

Proof of a political rapprochement between feuding parties may be seen in the composition of post-1949 Cabinets. Despite a number of differences, the parties have been able to form viable governing coalitions with a normal life expectancy of four years, equivalent to the term of the Bundestag. Thus, the liberal and small Free Democratic party (F.D.P.) allied itself with the C.D.U./C.S.U. in a coalition Cabinet from 1949 to 1957 and from 1961 to 1966; it constituted the only opposition party during the C.D.U.-S.P.D. "Grand Coalition"; and it allied itself with the S.P.D. in a governing coalition in 1969.

The shift in 1969 to a S.P.D.-F.D.P. government, headed by Willy Brandt, marked the peaceful transfer of political power from one major party to another. It also indicated once again a willingness of parties to forge different kaleidoscopic governing combinations despite a number of cleavages between them. Such combinations have been made easier by the gradual transformation in the F.R.G. of a multi-party system into a two-party system. The trend is most evident when one compares the 60 per cent of the combined vote received by the two major parties (C.D.U./C.S.U.-S.P.D.) in 1949 to the nearly 89 per cent in 1969. Of all the minor parties, of whom nine had representation in the first Bundestag, only the F.D.P. has been able to maintain a precarious existence during the entire period. The other minor parties, based on sectional or narrow interests, have been unable to gain or to maintain representation for a long period of time in the Bundestag.

The difficulty facing minor parties is compounded by a constitutional clause designed to block a repetition of the Weimar experience of a multitude of minor parties draining strength from the major parties. Any party must gain at least five per cent of the overall vote or three seats in electoral districts in order to win representation in the Bundestag. In addition, the minor parties face another handicap: the electoral system of proportional representation in the Weimar era, which benefited them, has been modified to a

system mixing proportional representation and single-member districts.

Thus, political stability is enhanced by constitutional provisions and the current representation of only three democratic parties in the Bundestag. An examination of each party is necessary in order to understand the contemporary political situation.

THE CHRISTIAN DEMOCRATIC UNION

The C.D.U./C.S.U. is a party founded in 1945 by prominent Catholic and Protestant lay leaders, business, and trade union elements. Their aim was to establish an inter-confessional "Christian" movement based on a wide array of groups in society with a broad electoral appeal. They rejected the resuscitation of the Center party of Weimar vintage, which was strictly a Catholic party with only limited potential voter support.

The strategy of a broad appeal was correct, since the C.D.U. gained the support of conservative farmers and the middle class in the north, and of radical Catholic workers and conservative businessmen in the Ruhr, while the C.S.U.—the Bavarian wing of the party—received the support of the farmers. This wide support propelled the party into national leadership, but on the other hand it produced friction between its different economic and social wings.

The 1969 election results demonstrated potential dangers to the party. Its electoral appeal was beginning to narrow as it lost erstwhile loyal supporters, especially white-collar personnel and independent farmers, to the other parties. Although 59 per cent of the farmers were still voting for the C.D.U./C.S.U., as many as 73 per cent had done so just four years earlier.² Its slipping strength in rural and small-town areas will have to be countered by efforts to capture more votes in the rapidly expanding urban areas, and from the young, new voters. That task is not easy, as the more educated groups in urban areas are beginning to turn in greater numbers to the S.P.D.

Programmatically, the party has been a staunch supporter of the Western alliance and a resolute foe of communism, a loyal proponent of the free enterprise system, but a less enthusiastic supporter of an expanded social welfare system. The C.S.U., under the leadership of Franz Josef Strauss, has taken a more nationalist and conservative stance than the C.D.U., leading to intermittent friction and weakening the cohesion of the two wings. The C.S.U. has charged that Brandt's government is selling out the F.R.G. to the Bolsheviks and that the country is on the verge of a "Socialist Germany," but the C.D.U. is more circumspect in its criticisms of the government's foreign and domestic policies.

Since the 1969 election, the C.D.U. has been beset by an internal leadership struggle. When ex-Chancellor Kiesinger declared that he would not become

² Hans D. Klingemann and Franz Urban Pappi, "The 1969 Bundestag Election in the Federal Republic of Germany," *Comparative Politics*, Vol. II, No. 4 (July, 1970), pp. 533-534. See other articles in this issue devoted to the 1969 election.

the chancellor candidate in 1973, a struggle for power took place among a number of contenders. In October, 1971, Rainer Barzel, parliamentary floor leader of the party, was selected by a party convention to succeed Kiesinger as C.D.U. chairman and chancellor candidate. Barzel, then only 47 years old, will attempt to provide an image of youth to a party led until 1971 by older men.

Critics of Barzel, many of whom voted for Helmut Kohl, the 41-year-old Minister-President of Rhineland-Palatinate, doubt Barzel's ability to mobilize enough votes in the 1973 election. They also accuse him of being glib, ambitious and tricky—a German version of Richard Nixon who does not exude authority and is unpopular. They resent his image of being a man-about-Bonn who drives a fast silver-painted BMW-2500 sedan. One newspaper commented: "A bit of the Commissar and a bit of the Jesus people—with Rainer Barzel the C.D.U. again has a man it can look up to."³

Defenders of Barzel admit that he is not an ideal charismatic leader, but claim that there is no strong alternative candidate. They point to Barzel's leadership talent, diligence, tactical skill and oratorical abilities, and hope that he will grow with the job. He faces a number of challenges: an important state election in 1972, and continuing harassment from Strauss who, in early 1972, without consulting Barzel, published the draft of a Soviet-German treaty to replace the one signed by the Brandt government. Barzel was miffed and angry because under normal circumstances a policy alternative of such importance would be prepared jointly by C.D.U. and C.S.U.

It has not been easy for the party to accustom itself to its new role of Opposition after its seemingly permanent role of governing party. In order to regain power, it will have to become a more cohesive body presenting a positive program designed to appeal to the electorate.

THE SOCIAL DEMOCRATIC PARTY

The S.P.D. was founded in the 1860's as a workers' party. In early decades, it espoused the Marxist theory of the class struggle as the determinant of history, but in the decades after the turn of the century it lost much of its radical posture. During the Weimar era, it gained political power on several occasions, but was never able to govern alone. Thus, as a participant in coalition governments, it moderated its programs in the economic and social spheres by supporting mild reforms in the existing order through parliamentary means. In 1933, the Nazi government banned the S.P.D. and other democratic parties.

The S.P.D. reemerged after 1945 with hopes that it might become the dominant party in a united Ger-

many. But the division of Germany meant that the party's former center of power in eastern Germany was lost. Despite herculean organization and recruitment efforts, the party could not gain a plurality of votes in the first F.R.G. election of 1949. For two decades, it was relegated to the opposition camp in the Bundestag, as the C.D.U./C.S.U. consistently outpolled it.

The S.P.D. has had difficulty identifying itself with the voters as a moderate left-of-center party, even after the Bad Godesberg conference of 1959 when it adopted a program designed to capture the support of a broader segment of the electorate. It abandoned the vestiges of Marxist tenets, and in effect supported a reformed capitalist system. Thus it hoped to become a people's party rather than a worker's party.

Since additional voter support was not forthcoming in dramatic fashion, party leaders seized the opportunity in 1966, in the wake of a C.D.U./F.D.P. coalition crisis, to demonstrate to the public that they could govern responsibly. At the invitation of the C.D.U./C.S.U., they joined a Grand Coalition government under Kiesinger's leadership. S.P.D. leader Willie Brandt, formerly Mayor of West Berlin, became Vice-Chancellor and Foreign Minister. The Grand Coalition lasted for three years, but the two parties became bitter opponents during its last months.

Thus observers were not surprised when the S.P.D. and F.D.P., during the winter of 1969, joined forces to back Gustav Heinemann, a Socialist, for the post of President of the F.R.G. He won. Another victory was scored in the September, 1969, federal election when the S.P.D. gained a substantial number of votes.

While the party retained its strength in primarily Protestant urban districts, it scored well in Protestant rural and Catholic urban districts, long strongholds of the C.D.U./C.S.U. Additional backing for the S.P.D. came from white-collar employees, civil servants, unskilled workers and farmers, thus making it increasingly a "people's party."

One survey demonstrates the dramatic change in voter support for the party. Whereas in 1961 only 22 per cent of white-collar employees voted for the S.P.D., support rose to 45 per cent in 1969.⁴ On the other hand, the S.P.D. could no longer gain further strength from skilled workers, long its power base. The reason is obvious: in the F.R.G., as in other industrialized or post-industrialized states, a shift in occupations has taken place from the blue-collar to the white-collar groups, with consequent shifts in the social composition of party members and voters.

As noted, the 1969 election resulted in a dramatic shift in power at the executive level. After protracted bargaining sessions among the political leaders of the three parties which captured more than five per cent of the vote, a new governing coalition emerged. For the first time since 1928, the S.P.D. was able to head

³ *Frankfurter Rundschau*, October 6, 1971.

⁴ Klingemann and Pappi, *op. cit.*, p. 533.

a coalition government; in this instance with the F.D.P. as junior partner.

The new coalition, however, has only a precarious majority in the Bundestag. The S.P.D. captured 224 seats and the F.D.P., 30, for a total of 254 seats; while the C.D.U./C.S.U., in opposition, has 242 seats. With the later defection of three F.D.P. deputies and one S.P.D. deputy into the ranks of the opposition, the governing coalition has been reduced to an absolute majority of only one vote. As a consequence, S.P.D. ministers must be careful not to alienate other F.D.P. deputies, by making sure that government programs, especially in the economic and social spheres, will meet with their approval.

This constraint on making substantive changes in government policy has produced a spillover effect on the S.P.D. The party is not made up of a monolithic bloc, but harbors loosely-knit radical, centrist, and conservative wings. Within the radical wing may be found "Old Marxists," with special strength in Land Hesse, and the Young Socialists, encompassing all party members under the age of 35. Typical of youth groups in many other countries, the Young Socialists in recent years have taken the offensive against the pragmatic, de-ideologized views of older party leaders, who may be found primarily in the centrist and conservative wings and who as Cabinet ministers form a segment of the ruling elite. The young accuse the ministers of deemphasizing workers' and trade union interests, and of abandoning the goal of socialism.

While factionalism has rent the Young Socialists in 1971-1972, they still represent a dynamic force within the party. As a result of their pressure, party leaders called a special congress in November, 1971, to discuss their reform proposals, including a radical program of tax reform and a plan for enabling workers to acquire a greater share in productive property. The Chancellor and other S.P.D. ministers were successful in holding back most of the demands for immediate change, in effect arguing that the plans would not be supported by the F.D.P., would be too costly, and would be detrimental during the 1973 campaign. On principle, they were not opposed to the substance of the proposals, and implied that if they were in sole control of the government after 1973 then such reforms would be pushed hard.

Many delegates, including trade unionists, were not mollified by the theoretical expressions of support, and must have been pleased when shortly before the congress opened a parliamentary state secretary of the Ministry of Economics (Philip Rosenthal, S.P.D., head of the famous porcelain company) resigned in protest against the conservative economic ideology of his boss, Karl Schiller (S.P.D.), Minister of Economics

and Finance, and against the government's foot-dragging on legislation increasing workers' benefits.

The Young Socialists, and to a lesser extent the trade unionists, have put party leaders on the defensive and into a difficult tightrope situation. On the one hand, the leaders do not want to alienate both blocs; representing the new generation with new ideas and the sizable labor vote, but on the other hand they do not want to alienate newly gained politically moderate elements, such as white-collar workers and civil servants, whose support is essential in any future federal election.

Dissension within any party is not exceptional; indeed it would be rare for a large organization not to be beset by factionalism. If S.P.D. leaders can manage to hold dissension to a minimum and carry out a number of reforms in the domestic sphere which are not too costly financially or politically, then their chance of victory in the next federal election is good—especially in view of a public opinion poll conducted at the end of 1971, which showed for the first time more respondents favoring the S.P.D. than the C.D.U./C.S.U.⁵

The F.D.P. has been the only minor party able to survive the inexorable trend toward a two-party system. It has attempted to pursue a traditional liberal policy, emphasizing the tenets of the free enterprise system, individualism, private property, and anti-clericalism. This policy attracts primarily white-collar workers, civil servants, the self-employed, businessmen and farmers, but few unskilled workers. Thus its potential support is limited as the two major parties woo the same groups with more attractive programs, or with the argument that votes for them will not be wasted.

The F.D.P.'s task of recruitment is made more difficult by factional and leadership struggles among left, center and right wings—to a greater extent than those plaguing the major parties—and by gyrations in and out of Cabinets. The liberal left and center factions have been in the ascendancy in recent years, eclipsing the nationalist-oriented right wing. While the liberal factions approved the party's entrance into the Brandt government (their leader, Walter Scheel, became Foreign Minister), a number of dissident right-wing deputies bolted the party in October, 1970, and formed a splinter group, the National-Liberal Action.

In 1971, the F.D.P. lost further strength, however, in a number of Land elections, and was ousted from several state Parliaments when it failed to gain five per cent of the vote. Only in Hesse and Bavaria was it able to improve its position. Whether the party can match the 5.8 per cent of the popular vote it received in 1969, and surmount the 5 per cent barrier in the 1973 federal election, remains to be seen.

Optimistic party leaders believe that voters want a

⁵ According to a government survey: S.P.D., 40 per cent; C.D.U./C.S.U., 37 per cent; F.D.P., 6 per cent; undecided, 16 per cent; cited in *Handelsblatt*, December 27, 1971.

third alternative, and that the F.D.P. role of moderating socialist reform proposals in the Cabinet, but fully supporting the *Ostpolitik* of the government, will pay electoral dividends. To increase its appeal, in 1971 the party chose a new secretary-general, Karl Hermann Flach, a dynamic young man who intends to revitalize the party, give it a modern image and attract new voters. According to Flach, the party is ready to continue its coalition with the S.P.D. after the 1973 election. He has ruled out a coalition with the C.D.U./C.S.U. "at this point in time," primarily because of Barzel's rigid stand on *Ostpolitik*.

The F.R.G. has not been spared the rise and fall of small extremist parties. Normally, little attention would be paid to such fringe movements, existent in any democratic system, were it not for the dangerous growth of extremist movements during the Weimar era with their well-known fateful consequences. To prevent a repetition, the Federal Constitutional Court outlawed the neo-Nazi Socialist Reich party in 1952, and the Communist party (D.K.P.) in 1956.

In recent years, the government has taken the position that it is healthier to let extremist parties surface to the top than to prohibit them. Thus the D.K.P. has been allowed to function again. In 1969, it allied itself, for electoral purposes, with the left-wing Action Committee for Democratic Progress (A.D.F.), but the A.D.F. received only 0.6 per cent of the national vote. There is doubt that the left-wing radical movement can substantially increase its voter support in the future because of ideological extremism and continued infighting among warring factions, some of whom eschew electoral action entirely.

In addition, the Extraparlimentary Opposition (APO), active during the Grand Coalition years, scored only limited successes against the Establishment. It was made up primarily of left-wing students, professors, trade unionists, socialist and pacifists who were disenchanted with the S.P.D.'s alliance with the C.D.U./C.S.U. Its strength peaked in 1967 and 1968, but since then it has made continuing inroads into universities, where it has generated political discourse on issues which the established parties often try to sweep under the rug.

On the other side of the political spectrum, a much-

publicized National Democratic party emerged in 1964.⁶ The right-wing N.D.P. grew swiftly from 1965 to 1969, receiving close to 10 per cent of the vote in some Länder elections during that time span. In the 1969 election, however, it did not receive more than four per cent of the national vote, insufficient to ensure representation in the Bundestag.

Support for the party came from those who have not shared in the economic prosperity or who have feared a change in social status—sizable blocs of the middle class, farmers, and soldiers. Of these, a minority were unreconstructed Nazis. Since 1970, when economic prosperity began to filter down again to most of the population, many members have left the party, or have no longer voted for it in Land elections. Symbolic of the near-death of the party was the resignation in November, 1971, of its chairman, Adolf von Thadden.

The demise of the N.P.D. is a welcome sign that a right-wing party is unable to maintain significant support at the national level, and that the democratic forces seem stronger and more vigilant than in the Weimar era.⁷ The bulk of the population obviously has learned a lesson from the past, and has failed to provide massive backing not only for the N.P.D., but for the dozens of small extreme right-wing splinter groups still active throughout the F.R.G.

This is not to suggest that most citizens have become ardent and dedicated democrats who have shed all their former prejudices. Public opinion polls have shown repeatedly that a substantial minority, including a number of young people, opt for law, order and discipline on the Nazi model, and are hostile to the two million foreign workers, primarily from southern Europe, who are working in the F.R.G.⁸ While the younger age groups tend to be more democratic in their attitudes than their elders, nevertheless the bulk of the population could shift rapidly toward an authoritarian bias if the political institutions were unable to cope with a serious economic crisis. Then the democratic order, seemingly so stable at the present time, might be endangered.

GOVERNMENT POLICIES

The strength of democratic parties and the weakness of extremist parties have provided not only political stability, but also continuity and limited change in
(Continued on page 262)

⁶ For details, see Karl D. Bracher, "Democracy and Right Wing Extremism in West Germany," *Current History*, May, 1968, pp. 281-287; Steven Warnecke, "The Future of Rightist Extremism in West Germany," *Comparative Politics*, Vol. II, No. 4 (July, 1970), pp. 629-652.

⁷ In 1971, the author witnessed a right-wing rally in Bonn at which there were more counter-demonstrators than participants.

⁸ In a January, 1972, survey, 15 per cent of young respondents (15 to 20 years old) and 40 per cent of adults backed law and order under the Nazis, while nearly half of the young respondents and 61 per cent of the adults stated that foreign workers should live in separate housing compounds. *Frankfurter Allgemeine Zeitung*, January 14, 1972, quoting a survey of the Institute for Applied Social Sciences (INFAS), Bonn.

Gerard Braunthal is a specialist in German politics and comparative government. He was a visiting professor at Freiburg University in 1970-1971, and is the author of *The Federation of German Industry in Politics* (Ithaca: Cornell University Press, 1965), and *The West German Legislative Process: A Case Study of Two Transportation Bills* (Ithaca: Cornell University Press, 1972).

"One may prophesy that the social market economy in its present form will come under increasing political and social attack in Germany and lose its viability, unless the government addresses itself to the problems creating social and economic distortions and establishes a truly 'competitive order' in the neo-liberal sense of the Freiburg School."

The Challenge of West Germany's Social Market Economy

BY ARNOLD F. KRÖNER

Assistant Professor of Economics, University of Pittsburgh

ALTHOUGH THE SO-CALLED German "economic miracle" came to an end in the recession of 1966–1967, when the German Gross National Product (GNP) showed the first decline of 0.3 per cent in real terms in 1967, the viability of the concept of the social market economy (*Soziale Marktwirtschaft*) was not really tested. During the 1966–1967 recession, the unemployment rate rose to 3.1 per cent of the labor force at the peak in February, 1967, a rate which had been higher only in the year 1954 and earlier. But on the average for the whole year of 1966, the unemployment rate was 0.5 per cent; it was only 1.6 per cent in 1967. Even more important, the consumer price index rose only at an annual rate of 1.7 per cent from mid-1966 until the end of 1967, while the index of producer prices of industrial products in home markets even indicated an 0.9 per cent decline in 1967. These economic conditions portray a typical demand recession with an insufficient aggregate demand and a stable or declining price level, while unemployment is rising.

The monetary and fiscal policy tools to combat such a demand recession are well known today, and the failure by the German government to arrive at a suitable policy mix to avoid the demand recession of 1966–1967 does not indicate any weakness of the social market economy but simply the erroneous judgment of the economic policy-makers in Germany. The downturn of the economy in 1966–1967 was led by falling business investment. This was due to the restrictive monetary policy which dated back to the summer of 1964, when prices began to rise at an accelerated rate and a deficit developed in the current plus unilateral transfer account of the balance of payments. Monetary policy had to carry the whole burden of restraining aggregate demand during most of the period, because the federal election in the fall

of 1965 delayed the introduction of a more restrictive fiscal policy until 1966. When the relative tightening in the fiscal policy occurred, monetary policy had already led to pronounced recessionary tendencies. Due to the time lag between policy action and impact, the recession lasted a little longer than a year.

The validity of the concept of the social market economy was not tested by these economic events, despite the fact that the recession of 1966–1967 signaled the official end of Germany's rapid and continuous economic growth after World War II. A different situation presented itself in 1971 and is expected to continue during 1972. In the year 1971, the consumer price index rose by 5.2 per cent, a rate greater than any inflation experienced since 1951, while the real GNP rose by only 3 per cent. For 1972, the forecasts predict a gain in real GNP of 0.5 to 2 per cent and a continuing rise in consumer prices of about 4.5 per cent. At the same time, the unemployment rate started to climb to 1.7 per cent in January, 1972. In the month of December, 1971, a record 406,000 persons or about 2 per cent of the labor force worked a reduced work schedule, although it is estimated that nearly 200,000 of these were on a shortened work week because of the aftereffects of the strike of the metal worker's union (I. G. Metall) in November, 1971.

If such "stagflation" should occur in Germany during 1972 it would present a severe test of the capabilities of Germany's social market economy to achieve simultaneously price stability, full employment, an adequate growth rate and external equilibrium. The coming years will be very likely to provide the real test of the stability and soundness of the economic structure of the social market economy. It will have to be seen whether the *Soziale Marktwirtschaft* will provide a useful framework for the solution of the problems which an advanced industrial

society will face, since they are of a very different nature from the problems involved in reconstructing a defeated economy after a war.

PRINCIPLES OF THE "SOZIALE MARKTWIRTSCHAFT"

In June, 1948, an obscure professor of economics named Ludwig Erhard, who had just been nominated Minister of Economics of West Germany by the occupation powers, staked his personal career and the future well-being of the West German nation on the theoretical soundness of the concept of a free market economy, later named *Soziale Marktwirtschaft* by his close adviser, Professor A. Müller-Armack.¹ During the first half of 1948 the actual production in West Germany had reached about 50 per cent of total production of 1936, while the total productive capacity was estimated at 60 per cent of 1936. In addition, the population in the western zones of Germany had increased by about 25 per cent due to the refugee inflow.

The occupation powers attempted to avoid a total economic collapse by rigid rationing and price controls, which led to the phenomenon of a "price-frozen inflation." Increasingly, goods remained in the warehouses or entered the black market where a barter exchange flourished, because no one wanted to accept the money of the Third Reich, which was circulating in vast amounts. The Allied economists believed that for many years to come strict planning, rationing and tight price controls would be needed. But the newly appointed Minister of Economics utilized the period of the currency reform in June, 1948, to announce, in a radio broadcast on a Sunday, when the Allied officials were away from their offices (and without their approval), that starting the next day rationing and price controls would be abolished. The occupation powers were stunned; they foresaw economic chaos. But contrary to expectations, the black market suddenly disappeared; the shops began to fill with goods; and the miraculous recovery of the German economy had begun, although the price level rose substantially until it stabilized in January, 1949.

The guiding principle underlying the *Soziale Marktwirtschaft* is the concept of the "competitive order" developed by the economists of the "Freiburg School" and one of its leading members, Professor Walter Eucken.² In Eucken's view, the most efficient and at the same time the most humane (and thereby "social") economic order is an exchange economy, in which the market form of "complete competition" prevails. Complete competition is not to be mistaken as a policy of laissez faire. The Freiburg School spe-

cifically rejects the optimistic assumption that freedom of enterprise assures competition and stability. Laissez faire is likely to lead to the concentration of economic power in the hands of employers, or of trade unions, and to cyclical instability. Both developments would threaten the freedom of the individual, which should be the state's first obligation to defend in a democracy.

The establishment of the competitive order, therefore, requires a strong positive economic policy by the government, to ensure the essential principles of a social market economy. Private ownership of the means of production and freedom to dispose of one's property are essential in the competitive order, just as it is important to ensure that private property is not misused to the detriment of the common good. The competitive order must also have open markets. This means not only removal of tariffs and government controls on private industry, but also the reduction to a minimum of quasi-monopolistic privileges granted by the state, such as the adaptation of patent legislation which encourages rather than restricts competition, the maximum freedom in choosing one's trade or profession, and so on. The government has a great responsibility to fight the trend towards monopoly and to prevent the formation of cartels which would restrict competition. Similarly, it should correct distortions in the distribution of income with an adequate progressive income tax structure. The state must also limit the freedom of industry with regard to pollution of the environment or the use of child labor, and so on.

MONETARY POLICY

The most important guideline for the state's intervention in the competitive order was the primacy of the monetary policy, as Professor Eucken stated:

All attempts to establish a competitive order will be in vain if a certain stability of the currency is not ensured. Monetary policy is therefore, of primary importance for the competitive order. Only when one has succeeded in building a currency stabilizer into the monetary system can we hope that the tendencies immanent in a competitive order will work towards equilibrium, instead of transforming themselves . . . into an everlasting cyclical movement from inflation to deflation.³

Only when the stability of the general price level is achieved will competition fulfill its function as the most efficient coordinating mechanism of the different market forces and only then will all economic groups share fairly in the benefits of a growing economy.

It is essential that all the principles of a competitive order be implemented together; it would be fruitless to select only some and ignore the rest. The comprehensiveness of the competitive order concept to the problems of economic policy is the key distinguishing mark of this approach. This should also make it clear why the social market economy might be facing

¹ A. Müller-Armack, *Studien zur Sozialen Marktwirtschaft* (Cologne: 1960).

² Walter Eucken, *Grundsätze der Wirtschaftspolitik* (Tübingen: 1952).

³ Walter Eucken, *op. cit.*, pp. 256-7.

its toughest challenge in the near future, since some of the fundamental principles of such a competitive order still lack effective implementation today.

EARLY ECONOMIC SUCCESS

Such a competitive order, as outlined above, will be implicitly growth oriented. Specifically, it is supply orientated, which will help to achieve the main objective of an economic system, namely, to overcome scarcity. This strong orientation towards economic growth was borne out by the fact that following the currency reform of June 28, 1948, total industrial production increased by a spectacular 50 per cent before the end of 1948 in West Germany. The average annual growth rate of real GNP between 1951 and 1957 was 8.5 per cent in Germany, in contrast to 4.1 per cent for the United States or 2.2 per cent for the United Kingdom. The unemployment rate dropped from 8.2 per cent in 1950 to 2.7 per cent in 1955, and 0.6 per cent in 1960.

At the same time, the cost of living price index registered a 6 per cent decline in 1950 and, henceforth, rose by never more than 2.5 per cent annually till 1962 (except in 1951 when the Korean War led to panic buying and forced the consumer prices up by 7.7 per cent). The average annual gross investment as a percentage of total GNP between 1950 and 1956 was 20.4 per cent and between 1957 and 1964 it rose to 23.9 per cent in Germany, while in the United States it accounted only for 12.5 per cent and 14.7 per cent respectively in the two periods. Is it proper to attribute this unexpected swift economic recovery to the introduction of a social market economy, or are special circumstances to be credited?

The introduction of at least a partial competitive order combined with the currency reform in June, 1948, fell on fertile ground in Germany. The German people, after the many years of oppression and regimentation under the Nazi regime, were longing for more individual freedoms; at the same time, the overriding economic goal was the reconstruction of their devastated economy. The currency reform of 1948 had wiped out all consumer savings, as the value of money was cut by 90 per cent: 100 Reichsmarks exchanged for 10 Deutsche marks. By wiping out savings, cuts in personal consumption were enforced while, simultaneously, powerful incentives to work to create savings anew were introduced. This reform gave a great boost to the active forces in the economy; it favored the entrepreneurs, businessmen and debtors at the expense of creditors and people with fixed incomes. Since free competition prevailed in most markets after the currency reform, the businessmen who had stockpiled goods in their warehouses were rewarded; but, at the same time, they had now an incentive to sell these stockpiles at enormous profits.

Even more important were the expected future

profits from production, due to the wide margins which the free competition allowed. This speeded new investment. From the first day of the new economic order, the government followed a course which was directed towards creating powerful stimuli for new investment at the expense of consumption. The comprehensive social security system kept the reform from becoming intolerable to the old people and pensioners who were hit the hardest. Even in 1949, 18.5 per cent of Germany's national income went to social security. This is a large percentage, particularly if one compares it to the 11.2 per cent which the United Kingdom—a nation considered to be socially orientated—spent on social security in the same year.

Free competition alone was a powerful incentive for entrepreneurs to invest, but the West German authorities also introduced many special privileges and concessions which were directed at stimulating capital formation. Individual savings were encouraged by the provisional reorganization of taxes in June, 1948, whereby savings contracted with savings and commercial banks, insurance and building companies could be deducted from taxable incomes. This provision was limited in 1951 to persons who had been persecuted by the Nazis, including the refugees. In 1952, special premium payments by the state were introduced for savings contracted for housing construction. The corporation tax was changed from a graduated range of 35 to 65 per cent to a flat rate of 50 per cent, and very generous special accelerated depreciation concessions were granted to industry. In shipbuilding and residential construction, industry had the privilege of deducting loans from taxable profit. Between 1949 and 1951, the retained earnings of a firm were tax-exempt. From 1951 until the end of 1955, special tax incentives were granted for exports.

Given these strong incentives for investment and savings, the rapid increase in capital formation and the resulting rise in total national income in Germany after 1948 cannot be labeled an economic miracle, particularly if one also considers some of the other special advantages Germany possessed, which were of considerable assistance to her economic development after World War II. The large inflow of refugees, most of whom arrived between the years 1944 and 1950, but who also came in significant numbers—150,000 to 200,000 annually—until the building of the Berlin Wall in August, 1961, provided entrepreneurship, skills and mobility to the labor force. Refugees helped to keep wages down during the critical years of reconstruction, while they provided simultaneously a strong increase in aggregate demand for the rapidly increasing national production.

A second major advantage to Germany was the absence of any heavy burden of defense expenditures until the mid-1960's. In addition, Germany had no

major economic or military overseas commitments, which constituted considerable drains on the foreign exchange reserves in countries like Britain, France and the United States. Thirdly, the degree of damage done to German industry by the war and its aftermath should not be exaggerated. The remarkably high level of industrial investment sustained both before and during the war served to offset much of the damage and the dismantling after the war. The German economy was helped considerably by the favorable direction of new investment, which flowed into those sectors where rapid increases in productivity were possible and where the export potential was enormous, such as machinery, electrical engineering, chemicals, automobiles. The war damage thereby facilitated the adaptation of the German economic structure to changing economic conditions. This resulted in larger increases in productivity in Germany than in most other industrialized countries. Nor should American aid which Germany received after the war be overlooked, since it was crucial in its timing and objectives. It has been estimated that West Germany received aid totalling \$3.35 billion from the United States between the end of the war and 1952. Of this, \$1.28 billion represented Marshall Aid. In comparison, Britain received \$3.18 billion in Marshall Aid, and France, \$2.7 billion.⁴

Given these favorable economic conditions, it is no surprise that up to the early months of 1961 the German economy had been characterized by rapid expansion, with an undervalued currency generating large external surpluses and heavy pressures on domestic labor and capital resources. The government's task was to avoid inflation. The German authorities relied primarily on monetary policy to insure price stability. During the boom of 1955–1956, following the Korean War, the German Central Bank intervened vigorously, utilizing the bank rate, minimum reserves and open-market operations to prevent rising prices. The effectiveness of the policy in reducing the price increases to levels considerably below that of the other Western industrialized nations caused Germany to accumulate enormous export surpluses from 1952 onwards. And as the liberalization of capital movements went ahead in 1956 large inflows of speculative money occurred, raising the specter of "imported inflation."

The danger existed that the increased liquidity due to the foreign exchange surpluses would create inflationary demand at home. Also, increasing trade with countries where inflation persisted would lead to rising prices at home. Between 1957 and 1959, the Bundesbank attempted to discourage the inflow of hot money by lowering the bank rate; but to check liquidity at home it raised the minimum reserves re-

quired and undertook strong deflationary open-market operations. The success of this policy, indicated by the insignificant rise in consumer prices of 1.0 per cent in 1959 and 1.4 per cent in 1960, brought about its defeat. In 1960, the hot money flows to Germany resumed on a massive scale, forcing the German government to revalue its currency. The appreciation of the German mark was only a token 4.7 per cent, which did not solve Germany's problems for long, although Germany lost reserves during 1961 and 1962. But the export surplus and inflationary pressures at home persisted, at a time when the bank rate had been reduced to a low 3 per cent in May, 1961, in order to discourage the inflow of foreign capital.

Since the Bundesbank did not want to raise the interest rates again and encourage new capital inflows, a new phase in German anti-cyclical policy began. Fiscal policy was introduced as a new tool to fight inflationary policies. The degressive depreciation was limited in 1959, and the government was empowered to introduce special depreciation allowances as well as to block budgetary expenditures in the budgets of 1961–1963, if necessary in the interest of monetary stability. The government did block 20 per cent of all federal expenditures on construction in the 1962 and 1963 fiscal years. But, ironically, when budgetary policy was introduced as an anti-cyclical stabilization measure, the total public expenditures started to show a tendency to grow faster than national income. Federal expenditures also started in practice to exceed the amount budgeted for. And the federal expenditures rose more than the federal income, leading to increasing federal budgetary deficits. These tendencies actually increased the inflationary pressures within Germany.

As the federal government's inability to prevent public expenditures from rising faster than public income became more apparent, the German Central Bank again stepped vigorously into the picture. It had regained its ability to raise interest rates by stemming the capital inflow through the imposition of a 25 per cent tax on capital earnings on non-resident holdings of German fixed interest securities. The Bundesbank quickly raised the bank rate from the low 3 per cent in January and August, 1965, and again in May, 1966, to 5 per cent. This restrictive monetary policy, in combination with the deflationary fiscal policy which was instituted by the "Grand Coalition" government at the beginning of 1967, led Germany in 1966–1967 into her first postwar recession. (The Erhard government was toppled in the fall of 1966 due to its apparent inability to control the widening gap between public expenditures and income.)

WARNING SIGNALS

Until the mid-1960's the reconstruction of Germany's industry had built a strong growth bias into

⁴ *Frankfurter Allgemeine Zeitung*, June 3, 1967.

its underlying economic trend. Therefore the cyclical fluctuations reflected themselves only in excessive booms and inflationary pressures, not in rising unemployment or declining production. But this underlying expansionary trend subsided in the 1960's, due to the increasing labor shortage and the declining marginal productivity of capital. It is no coincidence that the West German labor force, excluding foreign workers, reached its peak of 26.2 million people (up from 22 million in 1950) at the time the Berlin Wall was built in 1961. After remaining stationary through 1963, it declined to 25.4 million in 1970. The number of foreign workers in Germany rose sharply from 167,000 (or 0.8 per cent of all employees) in 1959 to 1.3 million (6.1 per cent of total employees) in 1966. In the recession of 1967, their numbers dropped by 320,000, but from 1968 to 1971 it more than doubled, to a total of 2.2 million (or 9.1 per cent of total employees). Despite the large increase in foreign workers, the total labor force was fairly constant, 27 million in 1962 compared to 27.3 million in 1971.

The constant labor force led to three consequences. First, it exerted intensified upward pressures on wages, and under such conditions it is unlikely that future governmental appeals for *Masshalten* (moderation in wage demands by unions and price increases by industry) will be effective. Second, future investments will not bring about the same increase in output, due to the labor constraint. On the average, between 1951 and 1957, an investment of 1 per cent of GNP resulted in an increase of 0.42 per cent of real GNP, between 1958 and 1965 it raised real GNP by 0.26 per cent, and from 1967 to 1971, by 0.17 per cent only. Third, as the population grew by 6 million from 1966 to 1970, the labor force as a percentage of total population declined significantly. As this trend is expected to continue, it will tend to increase the share of public demand for the GNP, necessitating a future increase in the tax burden.

These tendencies signaled the end of the period of reconstruction; Germany had become an advanced industrial country where the productive capacity might exceed total aggregate demand at certain times. In such a situation it was to be expected that the very restrictive monetary and fiscal policies of 1964–1966 would lead to the first recession in the Bundesrepublik Deutschland in 1966–1967.

THE CHALLENGE

The roots of the challenge to the viability of the *Soziale Marktwirtschaft* during 1971 and 1972, when West Germany is fighting "stagflation," lie partly in the change of emphasis in economic policy brought about with the passing of "The Law for Promoting Stability and Growth in the Economy" in June, 1967, and partly because of the failure to implement all the principles of the "competitive order." The Stabiliza-

tion Law specified, first, that federal budgets are to be drawn up within the framework of a plan projecting expenditures and revenues five years into the future; second, that the government can vary personal and corporate income taxes by 10 per cent up or down, the proceeds to be deposited in a special anti-cyclical reserve fund, which can be used for anti-cyclical purposes only. Third, the government may raise or lower depreciation allowances temporarily; it may even grant an investment premium of up to 7.5 per cent over and above 100 per cent depreciation. Fourth, the government can suspend credit granted by the federal authorities, the Länder and the Communes up to one year. Fifth, a Council for Anti-Cyclical Policy is to be created to bring together representatives of the federal government, the Länder, the Communes and the Central Bank. This council shall be consulted in decisions of restricting credit or utilizing the anti-cyclical reserve fund. Sixth, the Government must present an annual economic report. The law also places emphasis on "concerted action"—periodic informal consultations among trade unions, employers' associations, the Council of Economic Experts, the Central Bank and the government to provide "orientation data" on projected output, wages, prices and profits for stabilization policy.

The passage of the Stabilization Law gave the German government unprecedented powers and tools for anti-cyclical policy, but it also shifted the primacy of anti-cyclical policy to fiscal policy from monetary policy. Additionally, it injected a certain degree of economic planning, a concept alien to a social market economy. When the Grand Coalition began its expansionary policies in 1967 in order to overcome the recession, it stimulated business investment via greatly accelerated depreciation allowances and massive supplementary investment budgets, but it also tried to reduce the budget deficit by supplementary taxes on personal and corporate incomes, increases in the social security taxes and cutbacks in expenditures on welfare, defense and subsidies to agriculture, remembering well that the Erhard government had toppled partly because of the rising budget deficits. Simultaneously, the government pressed for "concerted action," which was quite successfully initially, since all concerned parties had been shaken by the unexpected first recession and were willing to cooperate.

Due to this cooperation, wages increased less than

(Continued on page 262)

Arnold F. Kroner has specialized in research estimating the quantitative economic effects of the formation of customs unions. In 1968 he was an Andrew White Fellow at Cornell University and is presently preparing a book on "The Static Welfare Effects of the European Economic Community: 1958–1970."

"West Germany's ability . . . to maintain relatively stable prices together with consistent full employment reflects in a nutshell the fundamental misalignment between the German economy and the outside world. No international system can be expected to eliminate this misalignment although greater flexibility of exchange rates would probably dissipate some of its more disruptive manifestations."

West Germany's Trade: An Envable Dilemma

BY KLAUS FRIEDRICH

Assistant Professor of Economics, The Pennsylvania State University

IN THE GREAT CONTEMPORARY DRAMA of international finance, West Germany has had a regular berth as a supporting actor, if not the part of the leading star. Over time, this supporting role has taken on some typical and familiar aspects. One does not expect Germany to devalue her currency just as one does not expect Bonanza's Hoss Cartwright to lose his fist fights. Germany's international reputation as an economically strong country is generally based on the chronic surplus in her balance of payments. This surplus has maintained the buoyancy of the Deutsche (German) mark in spite of repeated official revaluations. The mark has thus been a hard currency, favored by speculators at times when other currencies were faltering and feared by monetary authorities—the Germans not excluded—whose job it is to maintain international currency parities.

A closer look at West Germany's international economic position begins with her merchandise trade. Germany has had consistently large export surpluses, which rose to record levels of roughly DM 20 billion in the late 1960's. The composition of this trade has traditionally shown the following general pattern: imports have been concentrated on food stuffs, raw materials and fuels, while exports centered on machinery, vehicles and chemical products.¹ Germany's trading partners, in order of importance, may be grouped as follows: E.E.C. countries,² E.F.T.A.³ and other industrial countries,⁴ the developing countries,

North America,⁵ and East Bloc countries. This geographical distribution of German trade has changed considerably during the last decade. In 1970, for example, 44 per cent of German imports came from the E.E.C. and 40 per cent of her exports went to the E.E.C. In 1960, the E.E.C. share had been only 30 per cent in both imports and exports. This shift towards the E.E.C. was largely at the expense of trade with developing countries: while in 1960 almost a quarter of German imports came from developing countries, this figure was down to 16 per cent in 1970. Similarly, the share of developing countries in German exports fell from 20 per cent in 1960 to 12 per cent in 1970. This development is one of the less frequently mentioned consequences of the formation of the E.E.C. It should be noted, of course, that these are declines in percentages. The absolute volume of German trade with underdeveloped countries has continued to grow.

Another change in the geographical distribution of German trade which can be linked to the formation of the E.E.C. involves the United States and Canada. German imports from this area as a percentage of total German imports declined from 16 per cent in 1960 to 12 per cent in 1970. Exports, on the other hand, rose from 8 per cent in 1960 to 10 per cent in 1970. This has reduced the traditional German trade deficit with North America from DM 3.0 billion in 1960 to DM 1.3 billion in 1970. The main factor in this development appears to have been the gradual substitution of grain and other food imports from France and Italy for such imports from the United States and Canada.

By far the largest imbalance in German trade exists with regard to Western industrial countries other than the E.E.C. and North America. As a group, these

¹ Data for this section from *Statistisches Jahrbuch für die Bundesrepublik Deutschland 1970* (Wiesbaden).

² The European Economic Community, or Common Market.

³ The European Free Trade Association.

⁴ This group includes Yugoslavia, South Africa, Japan, Australia and New Zealand.

⁵ United States and Canada.

countries⁶ are heavy buyers of German industrial products—currently about one-third of German exports goes to this group—but they do not return the typical German import goods, i.e., foods, fuels and raw materials in sufficient volume to balance the account even roughly. In general, they lack North America's resource base, and, of course, the E.E.C.'s preferential tariff treatment. In 1970, this group of countries had a trade deficit of almost DM 17 billion with Germany.

Trade with the East Bloc has not yet been extensive enough to affect the overall picture significantly. Approximately 4 per cent of German trade is with East Bloc countries. The pattern is roughly in line with the overall picture: food stuffs, raw materials and fuels are the principal imports in exchange for machinery and other industrial products.

The central conclusion to be derived from this look at the pattern of West German trade is the sharp and growing contrast between balanced trade within the E.E.C. and export-biased expansion of trade with the rest of the world. Although declining import shares from North America and the developing countries are part of this contrast, the main burden of this development falls on other Western industrial countries such as Great Britain and the other E.F.T.A. countries. This raises very interesting speculation about the impending entry of Great Britain and the other E.F.T.A. countries into the E.E.C.: should Germany's E.E.C. trade pattern hold up vis-à-vis these new members, the years of her vast trade surplus would appear to be numbered.

SERVICES AND TRANSFERS

Although merchandise trade may be the most important aspect of the West German balance of payments, it is not the only one. In order to obtain a complete picture, we must include trade in services, international transfers and the flow of capital. As services and transfers are considered, the picture changes somewhat, particularly in recent years. In the service category, some of the important German import items are foreign travel, transportation, incomes earned by foreign investments in Germany and wages earned by foreign workers who cross the border on the way to their jobs but who do not reside in Germany. The principal German service export is receipts from United States, British, and French troops stationed in Germany. The whole service category has traditionally been a net deficit for Germany in the neighborhood of DM 5 billion during the

1960's. In 1970, however, it almost doubled, due to increased foreign travel and increased investment income paid to foreigners.⁷

In the transfer category, we find an item of special interest, the wages sent home by foreigners employed in Germany. In 1970, about 2 million "guest workers" from Italy, Yugoslavia, Turkey, Greece, Spain and Portugal sent more than DM 4.5 billion of wages to their respective home countries. These wage remittances bear a relationship to the already discussed merchandise exports, which is not without its intriguing aspects. The employment of foreigners was rather crucial to Germany's ability to maintain her high export surplus in a boom year such as 1970, which was characterized by an extreme shortage of domestic labor. The Bundesbank's own statement, that "... goods exports on the present-day scale would not be possible without the efforts of foreign workers ..." lends official support to this observation.⁸ In a world of increasing union pressures for higher wages, job security, other fringe benefits and social legislation, West Germany appears to be in an enviable position, with no less than 10 per cent of her labor force consisting of foreigners who are scarcely able to exert such pressures. They are not unionized; they have no political leverage; their bargaining power as a group would appear to be small since their supply is rather open-ended. From the German producer's point of view, here is a reservoir of labor which is readily available when bottlenecks of labor shortage are to be eliminated, especially in the lower skill ranges. A key advantage of this type of labor supply from the employer's standpoint is flexibility. The foreign work force, by non-renewal of annual or even shorter contracts, can be reduced much more readily than the domestic work force. During the slow-down of economic activity in 1967, for example, employment of Germans dropped by a much smaller percentage than employment of foreigners. Conversely, during the following upswing of 1968–1970, the employment of foreigners was increased by a much larger percentage than employment of Germans.

If services and transfers are taken together, they add up to a deficit of DM 18.7 billion in the 1970 German balance of payments. Subtracting this figure from the DM 21.1 billion merchandise trade surplus, we arrive at a modest net surplus of DM 2.4 billion on current account.

LONG-TERM CAPITAL

To complete our survey of the German balance of payments, we now turn to the capital transactions. The important items here are direct investments, portfolio investments and long-term loans and advances. For a number of years, Germany has been a net capital exporter. In contrast to merchandise and service exports, capital exports debit the balance of

⁶ E.F.T.A. countries, other European non-members of the E.E.C., Yugoslavia, South Africa, Japan, Australia and New Zealand.

⁷ Data for the following sections from Report of the Deutsche Bundesbank for the Year 1970.

⁸ Report of the Deutsche Bundesbank for the Year 1970, p. 90.

payments. Germany's position as a capital exporting country is consistent with the notion that a mature industrial economy with a high rate of capital formation should make some of this capital available to countries with a slower rate of capital formation. The switch from net importer of private long-term capital to net exporter occurred around 1967, when the German economy completed the transition from an investment-oriented reconstruction economy to a mature consumption-oriented economy. It is noteworthy that most of the German investments abroad are in the form of portfolio and loans and advances whereas most foreign investments in Germany are direct investments. While Germans, in other words, are mainly buying foreign stocks and bonds, foreigners are establishing subsidiaries in Germany.

When the long-term capital account is combined with the previously discussed current account surplus of DM 2.4 billion, a so-called basic balance deficit of DM 2.0 billion results for 1970.⁹ This basic balance concept is considered by some experts the most reliable single index of a country's international economic position. Germany's basic balance for the past decade has been very close to equilibrium.¹⁰ If indeed this concept is to be considered as a basic guideline, both Germany and her trading partners should have been content with this equilibrium.

SHORT-TERM CAPITAL

But the basic balance does not tell the whole story. The complete balance of payments also includes notoriously volatile short-term capital transactions. Again and again, when following German economic reports, one perceives a sense of official frustration with regard to this category. Some of Germany's reluctance to revalue her currency has typically been based on the argument that the German surplus is due to volatile "hot money," i.e., short-term capital flows. One should be careful, the argument goes, not to attack a short-term problem with long-range economic tools. This policy might backfire and ruin the basic balance which, *per se*, is not at the root of the problem.

On the face of it, there is some justification for this argument. In 1970, for example, the short-term capital account showed a staggering surplus of DM 24 billion. This, combined with the DM 2 billion basic balance deficit, leaves the official overall balance of payments for Germany in 1970 with a surplus of DM 22 billion. Where did this flood of foreign funds come from? Two-thirds, or DM 16 billion, were borrowed by domestic enterprises, including subsidiaries in Germany of multinational corporations. The

remaining third was borrowed by German banks, including German branch offices of foreign banks. It is obvious that the volume of this short-term capital flow exceeds every conceivable level that could be considered necessary for the regular needs of trade financing and short-term investment. Rather, it seems to have its origin in certain major disparities between the German economy and the outside world. To see this more clearly, a few general observations are in order.

THE SYSTEM

Generally, a country's balance of payments may be regarded as an index of domestic economic activity relative to the rest of the world. Under the present international financial system, which is based on fixed rates of exchange, a two-way relationship exists between a country's balance of payments and its overall economy. On the one hand, the level of domestic economic activity affects the balance of payments: if the domestic economy is in a cyclical upswing, for example, the balance of payments may be expected to deteriorate because price levels will rise, booming domestic demand will spill over into increased demand for imports, resources for export production and delivery will be harder to find, and so on. On the other hand, this deterioration of the balance of payments will act as an automatic antidote to the boom which caused it. By buying more imports, domestic residents divert part of their inflationary purchasing power away from the overburdened domestic supply. At the same time, falling exports due to rising domestic prices release some resources which could be used to fill domestic shortages. The international system can be described in this way as an adjustment mechanism between national economies, which works more or less automatically. Each country contributes to, and is itself affected by, the overall level of economic activity.

This system has increasingly come under attack in recent years. The fact that it has never really worked well for Germany may be taken as one of its major failures.

Undoubtedly, the single most important aspect of the system's failure in the case of Germany has been the chronic refusal of the German balance of payments to deteriorate during the booming phase of the economic cycle. This points to fundamental or structural rather than simply cyclical divergence between the German economy and the rest of the world. The most poignant evidence in this respect lies in the comparative trends of price levels: German prices have not risen as fast as the prices of Germany's trading partners. How much this is attributable to intense public aversion to inflation in Germany is an open question.

More tangible observations can be obtained from German monetary policy. Inflation rates of 4 to 5

⁹ Basic balance: Merchandise trade, services, transfers and long-term capital.

¹⁰ With the exception of 1969, when capital exports were extraordinarily heavy.

per cent, for example, will bring the German Bundesbank into stern anti-inflationary action. In the United States, by comparison, "only" 4 per cent inflation would be claimed as an achievement of successful economic strategy by the Nixon administration. The point here does not so much concern different tolerance thresholds in American and German public opinion as it does the comparative ease with which inflation can be held down. In the United States, of course, the cost of fighting inflation consists in the danger of increasing unemployment. In Germany this danger, although routinely acknowledged by the authorities, holds very little real threat. Unemployment, by generally accepted standards, has simply not existed in Germany since 1948. During the last slowdown of the German economy in 1967, for example, about half a million German workers, or 2.5 per cent of the labor force, were unemployed. At the same time, there remained about 0.3 million job openings, and about one million foreign workers were employed in Germany.¹¹

By general standards these conditions would hardly be considered an unemployment problem. The typical employment picture in Germany during the last decade shows about 1 per cent of the labor force unemployed, with job openings running far ahead of unemployment and large annual increases in employment of foreigners. It would appear from these figures that the Germans can afford a tough stand on inflation, at least as far as the unemployment constraint is concerned. West Germany's ability, then, to maintain relatively stable prices together with consistent full employment reflects in a nutshell the fundamental misalignment between the German economy and the outside world. No international system can be expected to eliminate this misalignment although greater flexibility of exchange rates would probably dissipate some of its more disruptive manifestations.

THE GERMAN DILEMMA

Envidable though her position might appear to the American policy-maker who seems perpetually trapped between the Scylla of inflation and the Charybdis of unemployment, West Germany faces problems of her own. The Bundesbank, like any central bank, has the task of overseeing the country's monetary affairs. Its policy targets are the maintenance of stable prices, full employment and equilibrium in the balance of payments. To this end, it must control the national supply of money at levels consistent with its objectives. This, however, has proved to be a frustrating task given, first, the fundamental misalignment of the German economy and, second, the current international arrangements of

fixed exchange rates. The German dilemma can best be described by following the course of events during any one of the recent international monetary crises. Although each of these crises has had its own particular aspects, the German role in it has tended to show remarkable similarities.

At the beginning of one of these periods we typically find the German economy running near capacity levels. Then there are signs of a speed-up in economic activity. Part of the excess spending may be due to increased foreign demand for German exports. This will start the whole sequence on the wrong note, since the balance of payments improves rather than deteriorating as expected according to the automatic adjustment mechanism.

At this point, the Bundesbank steps in with the aim of stabilizing prices. It will reduce the increase in the money supply or purchasing power by various means of putting pressure on the commercial banks. If this policy is successful, it will not only reduce domestic spending but also spending on imports and therefore it will improve the balance of payments even further. In addition, while domestic spending is curbed, foreign spending on domestic goods is not. On the contrary, to the extent that inflation has indeed been slowed down, exports will become more attractive to foreigners, resulting in yet another boost for the balance of payments. The Bundesbank is at this stage beginning to come into conflict with its own goal of equilibrium in the balance of payments. But the real problem is yet to come.

The anti-inflationary tight money policy has raised the level of domestic interest rates. This will tend to attract short-term money engaged in international interest arbitrage. The capital account of the balance of payments consequently improves also. The German commercial banks find themselves in a confusing situation: they are presumably under liquidity pressure due to the Bundesbank's tight money policy, yet liquid funds at their disposal are high and rising from foreign sources. They utilize these ample liquid funds by lending them out, thereby adding to domestic purchasing power.

We have now come full circle. The Bundesbank sees its tight money policy become completely self defeating. An excerpt from the Bundesbank's view of the summer of 1969 may serve as an illustration:

The Bundesbank was aware of the dangers which lay in this increasing expansion of the money supply . . . it adopted a restrictive monetary policy, and tried step by step to increase its stringency—well knowing that, so long as the foreign trade and payments flank was open, there was not much chance of success. . . . Money market rates also tended to rise, although their movement was much influenced by the foreign money inflows, the effect of which was to lower rates of interest; to that extent the monetary policy measures did not bite. If the Bundesbank had applied its instruments much more restrictively, there would have been reason to fear even far greater inflows

¹¹ *Monatsberichte der Deutschen Bundesbank*, November, 1967.

of money from abroad. The Federal Government which alone is responsible for deciding on any change in the parity of the Deutsche Mark, would have had its hand directly forced by any such central bank policy, and moreover the position would have become even more difficult for the central banks of other countries from which the speculative money flows come to Germany.¹²

The interest differential which is responsible for the embarrassing capital inflows may be intensified by policy moves abroad as in 1970, when United States easy money policy led to falling rates in the United States and in the crucial Euro-dollar market when the German economy entered its tight money phase.

To continue with our description of the typical sequence, we are now approaching the actual crisis. It must be remembered that the surplus building up in the German balance of payments has to be other countries' deficit. Usually at this phase the inevitable devaluation rumors involving, for example, sterling, the French franc or even the United States dollar will begin to circulate. There will also be expectations of an upward revaluation of the Deutsche mark. Short-term capital movements will swell from the prior arbitrage stream to a speculative flood. Speculation during such times is a relatively safe venture: if the mark is actually appreciated, one makes a quick profit. If it is not appreciated, one makes no loss. Even traders who normally do not speculate will get involved in crisis situations of this nature. The volume of the money flow is correspondingly vast. Billions may move in weeks.

By now it is clear that the balance of payments surplus under these circumstances is a very mixed blessing. The authorities are left with a number of options, none of which is viewed with enthusiasm and all of which have been tried in various combinations.

The Bundesbank can try to weather the speculative storm by giving firm assurances that the mark will not be revalued. It will consult closely with other central banks and make large official loans to those countries whose currencies are under devaluation pressure. This maneuver may end the crisis, but it will not eliminate its causes.

A policy which was applied widely during the 1960's attempted to cycle the flood of foreign money out of the country again. To this end, the Bundesbank subsidized "swaps" by the commercial banks, which involved essentially the purchase of foreign short-term securities such as United States treasury bills. This approach has frequently seen the very same funds move back into Germany.

The Bundesbank can resign itself to the inadequacy of its tight money policy and abandon it. This, of course, is a dramatic capitulation to external economic forces. It demonstrates that the Bundes-

bank is unable to control the money supply in an inflationary economy. The possible consequence is serious inflation. When a policy reversal of this nature occurred in 1961, it became necessary to revalue the mark after all.

Finally, if all else fails, the Federal Government can revalue the Deutsche mark. In retrospect, this outcome was inevitable in the long run. In 1969, a new variant was added to this option. For an experimental period prior to official revaluation the Bundesbank refrained from intervening in the foreign exchange market, thus letting the mark find its price in terms of the other currencies without regard to officially set parities. This, of course, amounted to a system of flexible exchange rates within the confines of this short experimental period.

Whatever the positions adopted by the Bundesbank during the various crises, the basic choice has always been between inflation and upward revaluation of the Deutsche mark. The constraint on revaluation has essentially been of an institutional character, i.e., based on the international monetary system. The most recent crisis of the summer of 1971 finally led the United States government to abandon certain principles, such as the fixed dollar price of gold, which served as cornerstones of the system. This brought widespread expectations of reform. So far, however, in spite of further upward movement in the value of the mark, the German balance of payments concluded the year of 1971 as strong as ever.

Impending international developments hold two very important prospects for Germany. First, to the extent that reform of the international monetary system will include a move toward greater flexibility of exchange rates, Germany will find relief from the constant threat of being flooded with volatile foreign money. This will give the Bundesbank proper control over domestic purchasing power. It will also bring a further, though more gradual, upward drift of the German mark, proceeding roughly in proportion to Germany's ability to control inflation better than the rest of the world.

Second, greater flexibility of exchange rates will not uniformly apply to all nations. With the eventual goal of a common E.E.C. currency in mind, the E.E.C. will work toward less rather than more flexibility in internal exchange rates. Considering the impending integration of E.F.T.A. into the E.E.C., this holds important consequences not only for West Germany's basic trade structure, but also for her ability to control inflation at rates substantially divergent from the E.E.C. average.

Klaus Friedrich is doing research on the Euro-Dollar system and financial relations between the United States and West Europe. In 1967 he was a Fellow of the Cornell Center for International Studies.

¹² Report of the Deutsche Bundesbank for the Year 1969, p. 11.

CURRENT DOCUMENTS

Pact Between Poland and West Germany

On November 20, 1970, Poland and West Germany signed a treaty "concerning the bases of normalization of mutual relations" 25 years after the end of World War II. The full text follows:

The Polish People's Republic and the Federal Republic of Germany,

CONSIDERING that more than 25 years have passed since the termination of World War II, of which Poland was the first victim and which brought grave sufferings upon the peoples of Europe,

MINDFUL that during that time in both countries a new generation has grown up which must be secured a peaceful future,

DESIROUS of creating lasting bases for peaceful co-existence and development of normal and good relations between them,

AIMING at consolidation of peace and security in Europe,

AWARE that the inviolability of the frontiers and respect for the territorial integrity and sovereignty of all states in Europe within their present frontiers are the basic condition of peace,

HAVE AGREED AS FOLLOWS:

Article I

1. The Polish People's Republic and the Federal Republic of Germany unanimously affirm that the existing border line, the course of which was established in Chapter IX of the decisions of the Potsdam Conference of 2 August 1945 as from the Baltic Sea immediately west of Swinoujscie (Swinemünde) and thence along the Oder River to the confluence of the Lusatian Neisse River and along the Lusatian Neisse to the Czechoslovak frontier, constitutes the western state frontier of the Polish People's Republic.

2. They confirm the inviolability of their existing frontiers, now and in the future, and mutually pledge to respect unreservedly their territorial integrity.

3. They declare that they have no territorial claims against one another nor shall they advance such claims in the future.

Article II

1. The Polish People's Republic and the Federal Republic of Germany shall be guided in their mutual relations as well as in matters concerning the safeguarding of European and world security by the purposes and principles set out in the Charter of the United Nations.

2. Accordingly, in conformity with Articles 1 and 2 of the Charter of the United Nations, they shall settle all their disputes exclusively by peaceful means, and in questions of European and international security as well as in their mutual relations they shall refrain from the threat of force or the use of force.

Article III

1. The Polish People's Republic and the Federal Republic of Germany shall undertake further steps aimed at full normalization and all-round development of their mutual relations, the lasting basis of which shall be the present treaty.

2. They agree that the expansion of their cooperation in the fields of economic, scientific, scientific-technical, cultural and other relations is in their common interest.

Article IV

The present treaty does not affect bilateral or multilateral international agreements previously concluded by the parties or concerning them.

Article V

The present treaty is subject to ratification and shall come into force on the date of exchange of the instruments of ratification, which will take place in Bonn.

In witness whereof the plenipotentiaries of the contracting parties have signed this treaty.

The present treaty was drawn up in Warsaw in two copies, each in the Polish and German languages, both texts being equally authentic.

BOOK REVIEWS

GERMANY IN OUR TIME. By ALFRED GROSSER. (New York: Praeger Publishers, 1971. 378 pages, notes, bibliography and index, \$12.50.)

This is a scholarly and objective history of modern Germany and the German people.

BRITAIN AND WEST GERMANY. Edited by KARL KAISER and ROGER MORGAN. (New York: Oxford University Press, 1971. 294 pages, bibliography and index, \$13.00.)

The editors have assembled a group of learned articles to explore systematically the evolving foreign policies of two "medium power" countries—Britain and West Germany.

THE GERMAN REARMAMENT QUESTION: AMERICAN DIPLOMACY AND EUROPEAN DEFENSE AFTER WORLD WAR II. By ROBERT MCGEEHAN. (Urbana: University of Illinois Press, 1971. 280 pages, bibliography and index, \$7.95.)

Robert McGeehan explores American diplomacy with regard to the problem of German rearmament. He also discusses the political solution that has evolved, a solution that is compatible with United States interests and those of the Atlantic community.

LOCARNO DIPLOMACY. By JON JACOBSON. (Princeton: Princeton University Press, 1972. 420 pages, bibliography and index, \$13.00.)

The author details the personalities and politics of the period between the Locarno Conference of 1925 and the final reparations settlement at the Hague Conference of 1929. He pays particular attention to the representatives of Britain, France and Germany.

GERMANY'S OSTPOLITIK. By LAWRENCE L. WHETTEN. (New York: Oxford University Press, 1971. 244 pages, appendix, bibliography and index, \$6.50, paper.)

Lawrence Whetten discusses the issues involved in the West German pursuit of a new Ostpolitik, initiated and pursued by Chancellor Willy Brandt.

GERMANY TODAY: INTRODUCTORY STUDIES. Edited by J. P. PAYNE. (New York: Barnes and Noble, 1971. 183 pages, bibliography and index, \$5.25.)

The editor has selected articles which provide a picture of Germany today and examine the prob-

lems her people have solved in the last 25 years.

THE SPEAKING TREE: A STUDY OF INDIAN CULTURE AND SOCIETY. By RICHARD LANNON. (New York: Oxford University Press, 1971. 466 pages, bibliography, illustrations and index, \$15.00.)

Richard Lannon has written an "analytical study of Indian culture and society, with the chief aim of identifying the origins of the nation's contemporary problems." Although they appear to be largely economic, many of these problems have roots in India's historical development, in the manner in which Indian cultural and social organization has grown and changed in the lengthy history of the country. The author believes that in many cases, change proceeds according to patterns not usual to Western history or modes of thinking. In the case of India, he feels that what is valuable in tradition will survive and grow, what ceases to be useful will be left behind. India will not lose her identity. The Hindu part of her culture is predominant and has influenced Christian and Muslim culture as well. No matter how strong separatist movements become, India will remain a pluralistic society, a multi-lingual, multi-cultural nation-state.

Lannon believes that the detailed analysis of Indian art history he includes in the book reveals the culture's developmental patterns more clearly than any other cultural pattern. He gives detailed analysis of family and social systems. There is a remarkably clear study of Hindu thought, ethics and religion related to modern methods of Indian decision-making. The role of Gandhi is analyzed at great length, partly to show the issues involved in the centuries-long transition from an older religious society to a secular one in more modern times.

The illustrations are a vital part of the text because they illustrate patterns and key concepts of social themes and trends, and represent elusive "feelings which express the quality of life that no words" can adequately convey.

The comprehensive bibliography and index provide excellent sources of scholarly information. The illustrations are of high quality, carefully selected to illustrate the author's point. In short, this is a well-written, comprehensive book of great value to a scholar and of great interest and beauty for the average reader.

O.E.S.

GERMANY BETWEEN EAST AND WEST

(Continued from page 228)

powers rather than to the Bonn government. The Berlin agreement assigned to East and West German authorities the responsibility for formulating detailed arrangements on matters of access to Berlin and passage through the Berlin wall. Still, by traditional standards, the entire formula was scarcely ideal, for it recognized the Soviet hegemony over East Europe and granted the East German regime legitimacy.

In none of these treaties did either side give up anything that it had not tacitly given up earlier, but now the political realities of Central Europe received the sanction of legitimacy. By renouncing previous claims, Bonn and Moscow eliminated some possible threats. Brandt's diplomacy admitted officially not only that Western principles had served only the interests of Germany, not those of the U.S.S.R., but also that Germany had lost the war after all. The cold war, despite the Western defense effort and the dogged adherence to the principle of self-determination, had failed to unravel the *status quo*. Brandt accepted the immediate division of Germany as the price of better German-Soviet relations; in the process he agreed to major changes in the established legal structure of Europe, which the United States and Britain had refused to do. Brandt reminded his American and European critics that no Western policy had ever been aimed at repealing the postwar frontiers across the heart of Europe. To recognize what existed scarcely gave anything away. Still Brandt had no intention of weakening the Western alliance as the price of *détente*. Bonn generally opposed any abrupt or extensive reduction of American troop levels in Europe. *Ostpolitik* itself demanded the support of a powerful military alliance.

In Brandt's diplomacy there was something ironic, for it was the defeated power of World War II, not the Western victors, that first recognized the territorial and political changes wrought by that war. The United States accepted *Ostpolitik*, albeit without enthusiasm. For Washington and Bonn alike the hopes attached to nonrecognition had worn thin. There would be no liberation. For Brandt the time had come to recognize the hopelessness of sustaining objectives which perpetuated tensions without any commensurate promise of success.

GERMANY'S WESTPOLITIK

(Continued from page 238)

deterioration of Franco-German relations.

The new government of the Grand Coalition under

Chancellor Kurt Georg Kiesinger, with Willy Brandt as foreign minister, was pledged to the improvement of relations with France. But it was also committed to a policy of East-West *détente*, a policy which had been well prepared by Brandt's predecessor, Schröder, and which was more in harmony with de Gaulle's own design of "*détente, entente, cooperation*." Outwardly, relations with France were patched up by the affable Swabian Chancellor Kiesinger, who spoke fluent French, and who promised to reactivate the Franco-German treaty. But basically the interests and aims of Germany and France continued to be divergent. As an "old European," as Kiesinger styled himself, he was committed to promote European integration, British membership, and Germany's relations with the United States and NATO. There were also new areas of disagreement: de Gaulle's demand for a return to the gold standard, his hostile attitude toward Israel, and the withdrawal from NATO command of French troops stationed in southern Germany. On the latter point, Bonn had no alternative but to beg France to retain her troops in Germany, albeit under somewhat ambiguous conditions which the governments of Erhard and Kiesinger (again under considerable pressure from Paris) obligingly agreed to.

The advent of a Socialist coalition government in Bonn in October, 1969, preceded by the demise of de Gaulle in France, marked a turning point in Franco-German relations, and indeed in Bonn's *Westpolitik*. With the disappearance of the towering figure of de Gaulle, Gaullism lost its charisma and its blighting influence in Europe. The more pragmatic approach of Gaullist President Georges Pompidou smoothed the way toward solving some of Europe's long-standing problems. By nature and background, Willy Brandt felt a strong sympathy for Britain, and he exerted himself persistently and successfully to bring her into the European Community.

At the crucial meeting of the E.E.C. Council of Ministers at The Hague in December, 1969, Willy Brandt extracted from Pompidou his "word of honor" that he would support new negotiations with Britain and other E.F.T.A. (European Free Trade Association) countries in the immediate future. He informed his colleagues of the Council that German public opinion "expected him not to return to Germany without concrete agreement regarding the expansion of the Community."⁹ With strong German support, the E.E.C. Council then took further steps toward integration: a full economic and monetary union on a ten-year schedule, the expansion of the powers of the Commission and the European Parliament by assigning them a measure of budgetary powers, a strengthening of Euratom, and the establishment of a European Youth Office.

(Continued on page 265)

⁹ *Der Spiegel* (December 8, 1969), p. 29.

POLITICS IN WEST GERMANY

(Continued from page 248)

government policies. The Brandt government has put top priority on foreign policy by launching an imaginative *Ostpolitik*. The policy has already contributed to a reduction of tensions between East and West, and earned Brandt the Nobel Peace Prize in 1971. Public opinion polls have shown a majority support for the *Ostpolitik*, which Brandt will use as trump card in 1973—if, as seems most likely, he can gain parliamentary approval in 1972 of the bitterly contested Moscow and Warsaw treaties. He can also capitalize on the support he has received for his policy of strengthening West Europe and of encouraging an expansion of the Common Market.

In the domestic realm, the government has scored less spectacular successes. It has been criticized by its own supporters for initially making too many promises and then not carrying them through. In response, the government points to the limited financial resources available, and to the many reforms undertaken or currently being discussed which have not hit the headlines in the same dramatic fashion as foreign policies. According to the planning division of the Chancellor's Office, the government intends to introduce 455 reform bills during the current legislative period. These will cover, among other matters, such fields as social security, environmental protection, taxes, marriage and divorce, abortion, the legal system, labor laws, health care, capital wealth accumulation, town planning, reorganization of the Länder, education and transportation.

Impressive as this list of reforms or plans may appear, fulfillment is not guaranteed in view of budgetary limitations, monetary crises, inflationary price and wage pressures, and differences within the governing coalition. If Schiller can stabilize the economy and prevent a recession, and if the Opposition fails to present a dynamic alternative domestic program, then the governing parties have a good chance of remaining in power from 1973 to 1977.

SOCIAL MARKET ECONOMY

(Continued from page 253)

productivity in 1968, and prices were relatively stable, while great inflationary tendencies existed in many of the industrialized nations. This led to massive trade surpluses in Germany and a much faster recovery than expected, which caused industrial profits to rise much faster than wages, resulting in a 2.1 per cent drop of the wage-earners' share of GNP from 1967 to 1968. The trade union members felt cheated, since they had cooperated in the "concerted action," but unfortunately the target projections turned out to be errone-

ous. In addition, consumers and workers felt that the use of fiscal policy as the primary tool of stabilization policies put the main burden on them, since the tax structure is not very progressive but favors profit accumulation and investment. In addition, in January, 1968, the switch-over from the cumulative turnover tax to the value-added tax occurred, which affected the real income of consumers negatively. The consumers and workers were not aware that the value-added tax was in their best interest in the long run, because the turnover tax had heavily favored economic concentration, which tends to restrict competition and harm the consumer. The new economic policy increased the workers' awareness that social distortions still existed and that the promise of "social symmetry," which the Government claimed to follow in its concerted action program, had not been fulfilled.

This awareness led to a wave of wildcat strikes in September, 1969, forcing an early renegotiating of contracts for iron and steel workers and miners, granting pay increases of 10 to 12 per cent. To regain their leadership, the union leaders had to abandon the participation in the concerted action program, and they began to use wage policy in an attempt to change the distribution of income. This resulted in the wage explosion which Germany has been experiencing since the fall of 1969. The excessive boom in 1969 and 1970 (which saw a record capacity utilization of 93 per cent) can be ascribed partly to the failure of the Grand Coalition to agree on a revaluation of the German mark before the election of 1969, despite the fact that the phenomenally large current account surpluses increased the liquidity in the German banking system drastically. Wages rose by 17.7 per cent in 1970, at a time when productivity stagnated. The general price level, as measured by the GNP deflator, rose by 7.5 per cent that year, about twice the highest rate experienced in the last decade, but still less than expected because entrepreneurs accepted a squeeze in profits, feeling that they could not raise prices further for competitive reasons in the world markets after the mark had been appreciated by 9.3 per cent in October, 1969.

Given these economic conditions, the Central Bank pushed the interest rates to postwar record levels, with the discount rate reaching a record 7.5 per cent in March, while fiscal policy became very restrictive. A 10 per cent surcharge on personal and corporate income was imposed effective August 1, 1970; it is to be refunded before mid-1973. The degressive depreciation allowances were suspended in 1970. These strongest anti-cyclical policies to date in postwar Germany reduced the real growth of GNP to 3 per cent in 1971. But the consumer price index rose 5.2 per cent nevertheless—a rate unprecedented, except during the Korean War boom of 1950, when consumer

prices rose by 7.7 per cent. The three-week strike and respective lockout of all metal workers in Nordwürttemberg and Nordbaden during October, 1971, demonstrated the radicalized atmosphere prevailing in the German economy. Wages continued to climb by 12.5 per cent during 1971, much faster than the gains in productivity of about 4 per cent. The uncertainties in the international markets, combined with the floating of the German mark between May and December, 1971, caused a marked reduction in the expansion of exports, which also contributed significantly to the economic slowdown.

The reestablishment of fixed parities in December, 1971, should contribute favorably to a revival of the expansion of exports during 1972, particularly since the appreciation of the mark against the dollar was only 13 per cent, and even only 5 per cent against the other currencies; this was less than expected. Against the Japanese yen the mark was effectively devalued by 5 per cent. Given these economic conditions and the stimulative monetary and fiscal policies which the government has undertaken since the middle of 1971—such as repaying the proceeds of the 10 per cent anti-cyclical tax surcharge imposed between August, 1970 and July, 1971—the expectations are that an actual drop in GNP will be avoided, but the forecasts predict only a 0.5 to 2.0 per cent gain in real GNP, while consumer prices are expected to increase by 4.5 per cent and wages by 5.5 per cent. The unemployment rate is projected at less than 1.2 per cent as average for 1972.

The government's own forecasts predict, therefore, continued inflation at rates well above levels considered acceptable in Germany, despite very low growth rates of real GNP. It seems that the viability of the *Soziale Marktwirtschaft* is threatened. Professor Eucken, who could be called the father of the concept of a social market economy, clearly stated the necessity of implementing all the principles of the "competitive order," as outlined previously; otherwise such an economic system is doomed to failure. The competitive order requires a positive government policy ensuring productive competition and a socially "just" distribution of income.

The government has shunned its responsibilities in these areas for too long. The long overdue tax reform has not been achieved. Even today the tax structure is regressive, profit-oriented and encourages further economic concentration, one of the greatest dangers Professor Eucken warned against. The Law against Cartels, which Professor Erhard hailed as a cornerstone of the *Soziale Marktwirtschaft*, was to encourage competition and prevent concentration. But it was so watered down that it became totally ineffective in checking concentration and price-fixing among big business; at best, it prevents price-fixing among the small enterprises, thereby imposing a handicap on

them in relation to big business. The necessary structural economic reforms were neglected. This gave rise to increasingly severe problems in the coal mining industry, shipbuilding and agriculture, besides the enormous subsidy payments by the state. Reforms of education and the federal promotion of research have been delayed far too long.

The social framework on which the *Soziale Marktwirtschaft* supposedly rests has been neglected by the German government and is in need of repairs conforming to the changed social conditions of today. One may prophesy that the social market economy in its present form will come under increasing political and social attack in Germany and lose its viability, unless the government addresses itself to the problems creating social and economic distortions and establishes a truly "competitive order" in the neo-liberal sense of the Freiburg School. Further action is necessary despite the far reaching reforms already proposed in the area of labor-management relations, which give labor a nearly equal representation with the owners on the board of directors of industry, and the enacted reforms which encourage the capital formation of employees.

OSTPOLITIK IN PERSPECTIVE

(Continued from page 233)

enhanced by the award of the Nobel Peace Prize in the fall of 1971. A very modest man, Brandt first had the feeling that the timing of his honor was not right, because his work for peace was still unfinished. But he rose to the occasion in his Nobel address before a distinguished audience in Oslo: "I accept this honor with a sense of common ties linking me to all those, wherever they may be, who are doing their utmost to build a Europe of peace and to make European solidarity serve the cause of world peace." Many Germans felt greatly encouraged by the award. The *Frankfurter Allgemeine Zeitung*, the leading newspaper in the Federal Republic, drew a favorable parallel to Gustav Stresemann, the only other German statesman to have been considered worthy of the award (in 1926).

Indeed, for the student of German affairs it is a genuine satisfaction that the country which once tolerated Adolf Hitler's bloody dictatorship gave to the world in our century such constructive statesmen as Gustav Stresemann, Konrad Adenauer and Willy Brandt.

WEST GERMANY'S SECURITY POLICY

(Continued from page 243)

1969, Army Inspector General Schnetz announced plans to convert some of the Army's armored units to light infantry trained and armed for anti-tank defense. In 1970, Schnetz ordered the *Truppenführung*

(field service manual) rewritten. The earlier (1962) version emphasized massive retaliation and the armored attack; the new manual will rank the defense as the main combat form and enhance the roles of the infantry and anti-tank weapons.

In the 1970's, the *Bundeswehr* is moving toward becoming an unmistakably defensive force. While that is contrary to the long-held belief that a credible deterrent requires a certain offensive "bite," the command looks to the future with more confidence than it has had for several years. The optimism has its source in several new weapons systems. Two of them are "Pandora" and "Medusa," rocket warheads designed to sow anti-tank mines in wholesale quantities. Another, among others still being developed, is "Dragon Seed," a system for spreading small anti-personnel mines by rocket. The Germans see in these, as they style them, "dispersion and area-fire weapons," a way of making large areas impassable for tanks and troops without resorting to atomic weapons. If they live up to their promise, the dispersion and area fire weapons can stop an invasion; but nobody can claim they constitute a provocation, because they have absolutely no offensive uses. "Pandora" even is a relatively gentle, non-provocative deterrent: the mines it delivers are powerful enough to blow the tracks off a tank but will not destroy it. To the aggressor who cannot take a hint, "Medusa" speaks with more authority.

The new warheads appear to be ideal defensive weapons. They can, their advocates predict, do the work of tactical nuclear devices with vastly less physical and environmental damage and without provoking nuclear retaliation. Furthermore, they are cheap; they can be employed effectively by troops with no more training than the 15-month draftees are expected to get; and if they live up to their promise, they may even make tanks as useless as cavalry. Best of all, "Pandora," "Medusa," "Dragon Seed," and their like seem to offer an escape from the twin dangers of the flexible response: a battle with tactical nuclear weapons on German soil and its equally unpleasant alternative, a sacrifice of territory to superior East Bloc conventional forces.

SECURITY AND OSTPOLITIK

Konrad Adenauer, during his long chancellorship, and his successors from the Christian Democratic party, in the 1960's, were totally committed to the alliance with the West to keep West Germany under the United States nuclear umbrella, and also to achieve what they wanted most, German unification on their terms and the return of the lost territory east of the Oder-Neisse Line. Their policy was popular, but as the United States-Soviet enmity became more

diffuse, the prospects of its being effective declined. The Social Democrats had always taken a "softer" line, and in the early 1960's, Willy Brandt, then Mayor of West Berlin and Social Democratic candidate for the chancellorship, began to talk about reunification as a gradual, long-term process.

After he became Foreign Minister in the Great Coalition in 1966, Brandt also advocated an *Ostpolitik* (eastern policy), an effort to achieve bilateral understandings on crucial issues with the Soviet Union and the other Eastern European states. The *Ostpolitik* appeared to have reached a sudden dead end in the Czech crisis of August, 1968, when the Soviet Union accused the Federal Republic of having revived Nazism and threatened to resort to Articles 53 and 107 of the United Nations Charter which reserve to the victors of World War II the right to intervene by force in the former enemy states.

Brandt, heading a Social Democrat-Free Democrat coalition, became Chancellor in October, 1969, and indicated he wanted to resume the *Ostpolitik* in spite of the rebuff dealt him the year before. In November, 1969, the Brandt government signed the Nuclear Nonproliferation Treaty. Although the Federal Republic's ally, the United States, was the co-sponsor of the treaty, the signing was more particularly a gesture toward the Soviet Union. Moscow had always regarded the prohibition on development and manufacture of nuclear weapons in West Germany written into the 1954 Paris Agreements as a promise to the Western allies, not a binding commitment. The gesture was not lost on the Soviet government, which just ten days after the signing took up an offer Brandt had made earlier to open talks on a nonaggression treaty.

During the winter of 1970, Brandt began negotiating in Moscow, Warsaw, and East Berlin; and on August 12, 1970, the Federal Republic and the Soviet Union signed the Moscow Treaty pledging themselves to settle all issues between them by peaceful means. The Germans undertook, further, to regard "the borders of all European states as inviolable," including the Oder-Neisse Line and the border between the two Germanies. The Soviet Union, in effect, gave up the right to intervene in Germany that it had claimed under the United Nations Charter.¹⁰

Although it has still to be ratified and many Germans are finding the near-surrender of their claims on the lost eastern territories a bitter pill, Brandt clearly regards the Moscow Treaty as the foundation on which he can continue to build the *Ostpolitik* and a viable general security policy. He has also worked to remove the outstanding points of conflict with Poland, Czechoslovakia, and the German Democratic Republic by similar agreements. There has been talk of a Bonn-Moscow Axis and a second Rapallo.

In 1922, at Rapallo, the Weimar Republic and

¹⁰ Georg F. Duckwitz, "Die Wende im Osten," *Aussenpolitik*, September, 1970.

the Soviet Union, then both outcasts of World War I, began a military-economic collaboration that for a time came close to being an alliance.¹¹ Brandt, however, insists that he is neither changing sides nor attempting to go it alone. NATO, he maintains, will be necessary for a long time to come, and Germany will be a part of it until world conditions have changed enough to allow both NATO and the Soviet-led Warsaw Pact to be dismantled.

Nevertheless, Brandt has shown a growing tendency to pursue an independent policy, especially since the Quadripartite Agreement on Berlin (September 3, 1971) reduced the danger of future Soviet-inspired Berlin crises and thereby lessened West German dependence on military and diplomatic support from the Western powers. Two weeks after the Berlin agreement was completed, Brandt went off, with hardly a word to his allies, to "vacation" with Soviet Party Secretary Leonid Brezhnev on the Crimea; there, apparently, he discussed, among other items, a European security conference, a pet Soviet project so far not well received in the West.

For the future, particularly if the Brandt government can increase its present miniscule majority in next year's elections, the Federal Republic will attempt to avoid conflict by reducing the outstanding issues between it and its eastern neighbors and to play a leading part in deemphasizing the alliances. As insurance, Brandt will continue to rely on the United States nuclear power and on the apparent tacit agreement between the United States and the Soviet Union, demonstrated again during the Czechoslovakian crisis in 1968, to respect each other's spheres of influence. The *Bundeswehr* will figure, according to one point of view, as something to be negotiated about at disarmament conferences, according to another, as "a weight in the scales when alliances are weighed, nothing more."¹²

¹¹ See the article by Felix Hirsch in this issue.

¹² *Der Spiegel*, January 2, 1970.

GERMANY'S WESTPOLITIK (Continued from page 261)

Bonn foreign policy is no longer on an exclusively westerly course. The Carolingian knights have disappeared. The German Federal Republic has tried to build bridges to the East, thus falling in line with the détente policy of the United States as well as that of France. But *Ostpolitik* does not mean abandonment or even devaluation of *Westpolitik*: the twain are one. French, British and American leaders have all endorsed Brandt's *Ostpolitik*, thereby helping to

refute charges of the C.D.U.-C.S.U. opposition that *Ostpolitik* would undermine Western confidence in West Germany.

Brandt, like every Chancellor before him, realizes that Germany's—and Europe's—security depends on the American nuclear umbrella, and for this reason he has pressed for the maintenance of NATO strength and United States presence in Europe. Still Germany's dependence on the United States is no longer as absolute as it was a decade ago and this, in turn, has facilitated a rapprochement between France and Germany. Tensions and mistrust between the two countries have lessened. The *Ostpolitik* signifies the acceptance of the territorial status quo, i.e., a divided Germany, which cannot become a danger to Europe, while *Westpolitik*, now fully consummated by the admission of Great Britain and three E.F.T.A. countries to E.E.C., introduces another check on German influence. West Germany has indeed become an economic giant and has learned to throw her weight around: witness the Monetary Conference of the Ten in Bonn in November, 1968, where Bonn dared to say "No!" More recently, in May, 1971, Bonn's Economics and Finance Minister Karl Schiller antagonized Paris and some of the other E.E.C. partners with the decision to float the German mark to achieve a further upward revaluation vis-à-vis the dollar.

CONCLUSION

But Bonn will continue to be a political dwarf for three reasons. First, West Germany is not a nuclear power, and by the Paris Agreements she had to forego the possession of nuclear arms. It is therefore unlikely that she will ever have a finger on a European nuclear trigger should one be devised at some future time. Second, the division of Germany and the precarious status of Berlin will no doubt continue to impose problems and responsibilities that will act as a brake on Germany's strength. Finally, the burden of her past, of which all Bonn governments have been supremely conscious, will force West Germany to continue to maintain a "low posture." It is this consciousness of the past, the need to regain—and then to maintain—the confidence of the West, that has motivated West German statesmen to seek reconciliation and cooperation with Western partners. This has been the moral force of *Westpolitik*.

"Our policy is not off balance," Brandt declared to the Bundestag on January 28, 1971. "It still rests on the progress of Western European cooperation, the further development of the NATO Alliance, and the fostering of proven friendships." These policies do not "prevent us from developing better relations with the East, but on the contrary, are a basic condition of this, as we feel, necessary effort."¹⁰ Thus, *Westpolitik* still has priority in Germany's foreign relations.

¹⁰ "Report On the State of the Nation," *Supplement to The Bulletin of February 2, 1971* (Bonn: Press and Information Office of the Government of the Federal Republic of Germany, February 2, 1971).

THE MONTH IN REVIEW

A CURRENT HISTORY chronology covering the most important events of March, 1972, to provide a day-by-day summary of world affairs.

INTERNATIONAL

Berlin Crisis

Mar. 10—In an official statement, East and West German officials report significant progress in achieving a general traffic agreement between the two countries.

Mar. 29—The East German government begins an 8-day period in which West Berliners can have holiday visits with friends and relatives in East Germany. It is expected that about one-half million West Berliners will take advantage of the first visitation period permitted in 6 years. East Germans, however, are not permitted to leave East German territory.

Disarmament

Mar. 7—The Italian representative urges the Geneva disarmament conference members to join in issuing a unanimous invitation to France and China to join the negotiations as soon as possible.

Mar. 28—Soviet representatives to the Geneva disarmament conference offer a draft convention calling on all nations to bar chemical means of warfare.

European Economic Community (Common Market)

Mar. 16—French President Georges Pompidou announces a French referendum on the entry of Britain, Ireland, Norway and Denmark into the E.E.C.

Mar. 19—British Prime Minister Edward Heath and French President Pompidou end 2 days of talks about the major goals of an enlarged E.E.C. Points of disagreement are left for a summit meeting of European leaders scheduled for October.

Middle East Crisis

(See also *Jordan; Israel*)

Mar. 1—Israeli army spokesmen report that Israeli Air Force planes bombed guerrilla bases in the Golan Heights area today; Syrian planes retaliated by bombing Israeli positions in the Israeli-occupied portions of the Golan Heights.

Mar. 3—After meeting in Beirut for 2 days, the 13-member executive committee of the Palestine Liberation Organization decides to give up fixed bases in Lebanon along the Israeli border to avoid confrontation with the Lebanese army.

Mar. 7—The United Nations Security Council, meeting at the request of Lebanon, calls on Israel to cease military operations against Lebanon.

Mar. 9—Military spokesmen in Israel report renewed raids today across the Lebanese border. The attacks by Israeli jets end an 8-day interlude.

Mar. 18—The plan of King Hussein of Jordan for a federation under his leadership of the Palestinian West and East Bank of the Jordan River is denounced by the Federation of Arab Republics, which issues a call for the plan's rejection by all Arab governments.

Mar. 29—In Washington for a visit with U.S. President Richard Nixon, King Hussein of Jordan urges a joint rule of his country and Israel over an "open" Jerusalem as part of a final peace settlement in the Middle East conflict.

Organization of Petroleum Exporting Countries

Mar. 12—The 11 members of the Organization of Petroleum Exporting Countries vote to accept an offer by the Arabian-American Oil Company (Aramco) to give a 20 per cent share in the companies to 6 of the countries in the organization, Saudi Arabia, Iraq, Iran, Kuwait, Abu Dhabi and Qatar.

United Nations

Mar. 6—In response to a request from the U.N. Security Council, Secretary General Kurt Waldheim arrives in Johannesburg, South Africa, to begin talks with the South African government about continued South African control of the disputed territory of Namibia (South-West Africa).

Mar. 10—At the end of a 5-day visit to South Africa, including a 3-day visit to Namibia, Secretary General Waldheim issues a joint statement with South African Prime Minister John Vorster which says they have had "an extensive exchange of views" concerning Namibia and that there will be future discussions between them.

Mar. 27—Secretary General Waldheim offers the People's Republic of China the opportunity to have a representative in the post of Under Secretary General for Political Affairs, a high-level post in an advisory capacity to the Secretary General.

War in Indochina

(See also *Cambodia; U.S., Foreign Policy*)

Mar. 1—The U.S. command reports 13 B-52 missions in the Central Highlands northwest of Kontum.

American forces in Vietnam are reduced by 4,900 men today to bring American strength below 120,000 men.

Mar. 3—According to military spokesmen, 10,000 South Vietnamese troops moved into the western sections of the Central Highlands today. Heavy U.S. B-52 raids supported the troop movement, which is aimed at countering North Vietnamese troop build-ups.

Mar. 5—The South Vietnamese command announces the loss of part of a river convoy of ammunition only 10 miles east of Saigon.

Mar. 8—The U.S. command reports the biggest air battle in Indochina in 3 years, with U.S. planes shooting down 1 of 5 North Vietnamese MIG's.

Col. Philip Stevens, chief of the U.S. command information office, says that the U.S. command will no longer give information on the number of U.S. planes involved in any action, in order to deny useful information to the enemy and to preserve the lives of American airmen.

Mar. 10—In the first major drive into Cambodia since November, 1971, 5,000 South Vietnamese troops with armor are invading eastern Cambodia in an attempt to "pre-empt the enemy attack," according to South Vietnamese sources.

Mar. 11—Military sources in South Vietnam say that U.S. B-52's have bombed enemy bases in Cambodia in support of the South Vietnamese ground attack.

Mar. 12—According to Laotian military sources, North Vietnamese forces resumed the offensive last night against 2 Laotian bases in north-central Laos.

Mar. 16—In the first full session of the Paris peace talks since February 10, the North Vietnamese delegation turns down a U.S. proposal that prisoner-of-war camps be opened to international inspection.

According to Thai army sources, about 10,000 Thai troops are attempting to dislodge Communist rebels from a plateau stronghold near Lom Sak. The operation is described as the largest military operation to take place in Thailand.

Mar. 18—Sources in Cambodia report that South Vietnamese forces in eastern Cambodia discovered tons of North Vietnamese supplies on their 9th day of operation there.

Mar. 21—Cambodian military spokesmen report that North Vietnamese rockets killed at least 10 persons at Phnompenh today in an attack in which 100 rockets struck the city and its environs.

Mar. 23—U.S. Ambassador William Porter tells the North Vietnamese delegation to the Paris peace talks that the U.S. will not meet with the North

Vietnamese again until the North Vietnamese are ready for "serious discussions" on concrete issues to be defined in advance.

Mar. 25—North Vietnamese forces are still unsuccessfully trying to take the Laotian base of Long Tieng, according to a statement today by the Laotian Defense Ministry.

Mar. 27—Reports of the Cambodian command indicate that heavy fighting is taking place near and around the capital city of Phnompenh.

Mar. 31—It is reported from Saigon that after 2 days of heavy fighting South Vietnamese troops have abandoned 6 small bases near the demilitarized zone.

ARGENTINA

(See also *Brazil*)

Mar. 1—A 2-day general strike ends when the government sets maximum prices on bread, butter, milk and fish.

Mar. 11—Reuters reports that the Foreign Ministry announced this week that Argentina plans to withdraw from a 1902 treaty with Chile involving a dispute over the Beagle Channel and 3 small islands; it is reported that Chile recently asked Queen Elizabeth II of Britain to arbitrate the dispute.

Mar. 14—President Alejandro A. Lanusse and Brazilian President Emilio G. Médici meet but fail to reach agreement; the meeting is described as "icy" and "irritated" by officials of both nations.

Mar. 24—The People's Revolutionary Army, a Marxist urban guerrilla group, says that if the government does not meet its ransom demands it will kill Fiat official Oberdan Sallustro, who was kidnapped by the guerrillas March 21.

AUSTRALIA

Mar. 5—In a television interview, Prime Minister William McMahon says broader relations with Peking will be sought; a new diplomatic mission is to be set up by Australia in Hong Kong.

BANGLADESH

Mar. 2—Visiting in Moscow, Prime Minister Mujibur Rahman is received by Soviet party leader Leonid Brezhnev; 2 aid agreements are signed.

Mar. 3—Mujibur Rahman and Soviet Premier Aleksei Kosygin sign a joint policy paper.

Mar. 5—Mujib's visit to Moscow ends.

Mar. 12—Ceremonies in Dacca mark the withdrawal of the last Indian army troops. Reportedly, their presence has been a major factor in the U.S. failure to recognize the new state. China and the U.S. are the only major powers that have not recognized Bangladesh.

Mar. 13—The Swiss Foreign Ministry announces that Switzerland will recognize Bangladesh.

Mar. 19—Indian Prime Minister Indira Gandhi returns to New Delhi after signing a treaty of friendship with Bangladesh.

Mar. 26—Mujib announces plans for the nationalization of all jute, textile and sugar mills, domestic banks and domestic insurance companies. Foreign trade and internal transport services are to be nationalized gradually.

BOLIVA

Mar. 29—The government asks the Soviet embassy to withdraw 119 members of its staff within a week.

Mar. 30—The Soviet Ambassador in La Paz denies that members of his embassy are guilty of wrongdoing and says that his staff numbers only 40 attachés.

BRAZIL

(See also *Argentina*)

Mar. 15—After meeting in Brasília, Argentine President Alejandro A. Lanusse and Brazilian President Emilio G. Médici issue a joint communiqué agreeing to seek means of cooperation; their differences in the fields of trade and hydroelectric power development are not mentioned.

CAMBODIA

Mar. 10—Premier Lon Nol nullifies the almost completed constitution and assumes absolute power as head of state, following the resignation of Cheng Heng. Deputy Premier Sirik Matak automatically becomes Premier.

Mar. 18—Lon Nol names Son Ngoc Thanh Premier.

Mar. 21—Lon Nol announces a new 17-man Cabinet.

CANADA

Mar. 3—Statistics Canada reports that Canada's gross national product in 1971 was \$92.13 billion, a rise of 9.1 per cent from the 1970 figure.

CHILE

(See also *Argentina*)

Mar. 9—An embargo on the remaining Chilean assets of the Kennecott and Anaconda Copper Companies is announced by the government.

Mar. 14—The government indicts the president of Chile's right-wing National party on charges that he violated the internal security law in a radio speech last week.

Mar. 21—President Salvador Allende Gossens suspends sessions of the Senate and the Chamber of Deputies until March 28 to facilitate his conversations with the Opposition.

Mar. 28—Hernán del Canto, Interior Minister, discloses that an assassination plot against Allende was foiled March 25–26.

Mar. 29—A government spokesman declares that the government is considering the confiscation of the International Telephone and Telegraph Company's 10 per cent share of the Chilean Telephone Company. The American-owned I.T.T. has been charged with trying to prevent Allende's election.

Mar. 30—Both houses of Congress ask for an investigation of the activities of the International Telephone and Telegraph Company in Chile.

CHINA, PEOPLE'S REPUBLIC OF (Communist)

Mar. 1—A letter from China's chief delegate to the U.N., Huang Hua, notes that his government will pay a \$3-million first installment on dues to the U.N., but will not pay for items regarded as "hostile to the Chinese people" (i.e., the upkeep of the U.N. cemetery in Korea), and will not assume any of the debt owed by the Chinese Nationalists.

Mar. 11—The Chinese press agency *Hsinhua* charges that the Japanese government is taking a stand tantamount to "spreading of the nonsense that the status of Taiwan remains to be determined. . . ."

Mar. 12—It is reported from London that Great Britain and France have agreed to establish full diplomatic relations with China.

Mar. 15—It is reported in Ottawa that the Canadian Prime Minister, Pierre Elliott Trudeau, has been invited to visit Peking.

Mar. 19—Premier Chou En-lai describes Prince Norodom Sihanouk, former Cambodian Head of State, as "the Chinese people's closest friend," at a banquet in Sihanouk's honor in Peking.

CHINA, REPUBLIC OF

(See *Taiwan*)

CYPRUS

Mar. 2—Members of the Holy Synod of the Cypriote Orthodox Church ask Archbishop Makarios to resign as President of Cyprus; he has been President since 1959.

Mar. 11—Cyprus is reported to have agreed that the U.N. peacekeeping force on the island may inspect the cache of Czech-made weapons reportedly imported into Cyprus secretly in January by Makarios. The weapons occasioned Greece's delivery of an ultimatum to Makarios in February. (See "Cyprus," *Current History*, April, 1972, p. 220.)

Mar. 27—Archbishop Makarios is asked again to resign the presidency by the 3 bishops of the Cypriote Orthodox Church; he is asked to concentrate on his "religious and ethnarchic duties."

EL SALVADOR

Mar. 26—President Fidel Sánchez Hernández says

that yesterday's uprising has been quelled; 100 are said to have died and more than 200 were wounded.

FRANCE

(See *Intl, E.E.C.*)

Mar. 10—The assistant personnel director of the Renault automobile plant is released by his Maoist guerrilla captors who kidnapped him 2 days ago.

Mar. 11—French officials declare that they are pleased that Paris has been chosen as the major point of contact between China and the U.S., although they were not consulted beforehand.

GERMANY, FEDERAL REPUBLIC OF (West)

(See *Intl, Berlin Crisis*)

GREECE

(See also *U.S., Foreign Policy*)

Mar. 21—Premier George Papadopoulos dismisses the regent, General George Zoitakis, and assumes the office of acting Chief of State.

INDIA

(See also *Bangladesh*)

Mar. 14—It is reported from New Delhi that the New Congress party of Prime Minister Indira Gandhi won control of 14 out of the 16 states and 1 out of the 2 union territories in last week's state assembly elections.

ISRAEL

(See also *Intl, Middle East Crisis; Jordan*)

Mar. 5—Lieutenant General Haim Barlev, former Chief of Staff, is named Minister of Commerce and Industry by Premier Golda Meir.

Mar. 15—A spokesman for Mrs. Meir says that King Hussein's proposal for a Jordanian federation "negates the cause of peace."

Mar. 23—The military government of the West Bank of Jordan arrests the political leader of the Nablus District, charging that he is collaborating with Palestinian guerrillas to try to sabotage next week's municipal elections.

Mar. 24—Deputy Premier Yigal Allon, in an unofficial statement, says he has no quarrel with Hussein's plan for a federation that would offer semi-autonomy to the Palestinian West Bank. He says Hussein's border proposals are unacceptable.

Mar. 28—In the first general election on the West Bank of the Jordan River since 1963, 14,000 Arabs in the Israeli-occupied territory vote for town and village leaders. Approximately 84 per cent of the electorate votes.

JAPAN

Mar. 7—*The New York Times* reports that in a con-

versation with one of its correspondents, Emperor Hirohito declared that he would be glad to have U.S. President Richard Nixon pay an official visit to Japan.

Mar. 9—In a press interview, Premier Eisaku Sato says he believes that China will voluntarily restrict her aid to North Vietnam in the light of President Nixon's visit to Peking.

Mar. 10—The first trade mission from China to visit Japan in 6 years arrives in Tokyo.

Mar. 11—The Japan International Trade Association discloses that 2-way trade between China and Japan totaled \$93 million in January, a 15.4 per cent gain from January, 1971, and the 3d highest total for any month since trade was resumed in 1963.

Mar. 15—Japan and the U.S. exchange documents ratifying the agreement of June, 1971, transferring the Ryuku Islands, including Okinawa, to Japanese administration. The reversion of the islands will take place May 15.

JORDAN

(See also *U.S., Foreign Policy*)

Mar. 15—King Hussein reveals his plan to make Jordan a federated state, with 2 autonomous regions, one of which would be the Israeli-occupied West Bank. He also suggests that Jerusalem be the capital of the West Bank or Palestinian region. No indication is given about the way the West Bank would be returned to Jordanian control from Israel, nor is there any indication that the plan was discussed with Israel in advance.

MALTA

Mar. 6—Talks between British Prime Minister Edward Heath and Prime Minister Dom Mintoff, resumed yesterday after a 6-month lapse in the dispute on allied bases in Malta, make no progress on main issues. Some 2,100 British troops remain in Malta; some 6,000 military dependents have been withdrawn because of the dispute. (See "Malta," *Current History*, March, 1972, p. 172.)

Mar. 26—An agreement signed by Great Britain and Malta providing for the continued British use of military bases on Malta ends a 9-month disagreement on the price of use of the bases. The 7-year agreement will give Malta an annual payment of \$37 million—almost 3 times as much as she previously received.

MOROCCO

Mar. 1—A new constitution proposed by King Hassan II is voted on; opposition parties abstain from voting, charging that the new constitution is a fraud because the King's powers are not sufficiently limited.

PAKISTAN

- Mar. 1—A land reform program is announced by President Zulfikar Ali Bhutto.
- Mar. 3—Two military officers are dismissed by Bhutto; he declares that he will not tolerate "bonaparte" actions. Lieutenant General Tikka Khan, former military governor of East Pakistan, is made chief of staff of the army.
- Mar. 6—Bhutto announces that he plans to end martial law on August 14; he reaches an agreement with Khan Abdul Wali Khan, head of the National Awami party, Bhutto's most important political opposition.
- Mar. 15—Bhutto announces plans for free and universal education up to the junior high school level by 1987 and nationalization without compensation of all privately-owned schools and colleges in the course of the next 2 years.
- Mar. 16—Bhutto arrives in Moscow and confers with Soviet Premier Aleksei N. Kosygin.
- Mar. 18—Bhutto ends his Soviet visit.

POLAND

- Mar. 19—Elections are held for the 460-seat Parliament; 97.9 per cent of the eligible voters vote.
- Mar. 21—Edward Gierek's administration is endorsed but some dissent is registered when some voters cross out names of national, regional and local leaders on their ballots. There were 625 candidates for 460 seats.
- Mar. 28—Henryk Jablonski is elected President by Parliament, succeeding Josef Cyrankiewicz.

SUDAN

- Mar. 4—President Gaafar al-Nimeiry reveals details of an agreement giving regional autonomy to the southern Sudan; a cease-fire scheduled for March 22 has already become operative. All rebels are to receive amnesty.

SWITZERLAND

(See *Bangladesh*)

SYRIA

- Mar. 7—The charter and statutes of a new national front are broadcast by Vice President Mahmoud al-Aylbi, a Baathist; the front will become the highest political authority, governed by a president and 17 members, 8 of whom will be representatives of the 4 non-Baathist parties.

TAIWAN

- Mar. 21—President Chiang Kai-shek is elected to his 5th 6-year term as President by the National Assembly; the 84-year-old leader receives 99.9 per cent of the votes.

THAILAND

- Mar. 10—General Praphas Charusathien, deputy chairman of the National Executive Council, places Bangkok under military alert after the arrest of 3 former opposition members of Parliament.

TURKEY

- Mar. 30—Ten leftist terrorists are killed by police after they murder 3 foreign hostages, radar technicians working for NATO at a Turkish Air Force Base.

UGANDA

- Mar. 26—It is reported from Kampala that most Israeli paratroop and army instructors have left; they were ordered to leave the country by President Idi Amin because of Israeli press remarks about Uganda.

U.S.S.R.

(See also *Bangladesh*)

- Mar. 1—Soviet newspapers report the warm reception of the new Rumanian Ambassador; yesterday, the ambassador presented his credentials to President Nikolai V. Podgorny. Podgorny speaks of the need for "coordinated actions by socialist states."
- Mar. 4—*Tass*, the Soviet press agency, reveals that the government has signed an agreement with Libya for the joint development and refining of Libyan oil.
- Mar. 6—The Communist party's Central Committee issues a decree attacking Georgia's local party leadership for "struggling weakly against such phenomena, alien to our society, as embezzlement of state property, profiteering, bribing and idling."
- Mar. 17—A combined decree of the Central Committee and the government outlines a billion-dollar pollution control program for the drainage basins of the Volga and Ural Rivers.
- Premier Aleksei Kosygin urges talks among India, Pakistan and Bangladesh, at a luncheon honoring visiting Pakistani President Zulfikar Ali Bhutto.
- Mar. 20—It is reported in Cairo that the U.S.S.R. has agreed to aid Egypt in guided missile systems development.

UNITED KINGDOM

Great Britain

- Mar. 6—Anthony Royle, Parliamentary Under Secretary at the Foreign Office, announces that Britain will appeal to the International Court of Justice in her dispute with Iceland over Iceland's plan to extend her fishery limit from 12 nautical miles to 50 nautical miles.
- Mar. 13—Great Britain agrees to establish full diplomatic relations with Mainland China; the British will close their consular offices on Taiwan.

Northern Ireland

Mar. 20—In one of the worst daylight bombings since the crisis began in Northern Ireland, a bomb in central Belfast kills 6 people and injures 146. Earlier this month, a bomb injured more than 100 and killed 2.

Mar. 22—After meeting in London with British Prime Minister Edward Heath, Northern Ireland's Prime Minister Brian Faulkner agrees to present Heath's proposals on ending the crisis in Northern Ireland to his Cabinet.

Mar. 24—Heath suspends the government and Parliament of Northern Ireland. William Whitelaw, Leader of the House of Commons, is named Secretary of State for Northern Ireland. Heath asks Commons to approve a bill establishing direct British rule in the province for at least one year.

Faulkner announces that his government will resign; he reveals that he refused to agree to the transfer of security control from Belfast to London.

Mar. 26—Heath names a Roman Catholic as 1 of the 3 ministers appointed to serve under Whitelaw in Belfast.

Mar. 27—Protestants begin a 2-day general strike protesting the British assumption of control over the province.

Mar. 28—After 51 years, Northern Ireland's Parliament is suspended; the general strike continues and 50,000 people demonstrate against the new government.

UNITED STATES

Civil Rights

(See *Government*)

Economy

Mar. 10—Under the impact of partly uncontrolled farm and food prices, the wholesale price index advanced by 0.7 per cent in February, according to the Labor Department.

Mar. 29—After meeting with the heads of 12 major supermarket chains today, Secretary of the Treasury John Connally predicts that meat prices will decline in the next few weeks. Meat prices showed the greatest rise in the sharply rising food prices during February.

Mar. 30—The Department of Agriculture announces that the farm price index has declined after 5 consecutive months of increases.

Elections

(See also *Politics*)

Mar. 7—Senator Edmund S. Muskie (D., Me.) receives 48 per cent of the vote in the New Hampshire Democratic Presidential primary. Senator George McGovern (D., S.D.) finishes a strong

second with 37 per cent of the vote. In the Republican Presidential primary in New Hampshire, President Richard M. Nixon receives 69 per cent of the vote; Representative Paul N. McCloskey (R., Calif.) receives 20 per cent.

Mar. 14—Taking a strong stand against busing of schoolchildren to achieve racial balance in public schools, Alabama Governor George C. Wallace receives 42 per cent of the vote in the Florida Democratic Presidential primary. Senator Hubert H. Humphrey (D., Minn) finishes second with 18 per cent of the vote; Senator Henry M. Jackson (D., Wash.) and Senator Muskie trail with 13 per cent and 9 per cent of the vote respectively.

Mar. 21—Senator Muskie wins 63 per cent of the Illinois Presidential preference vote. Former Senator Eugene J. McCarthy (D., Minn.), Muskie's only rival, receives a vote of 37 per cent.

Foreign Policy

Mar. 2—Charles W. Bray, State Department spokesman, reaffirms the United States defense commitment to Taiwan.

Mar. 3—The State Department says that the United States will sell approximately \$70-million worth of military equipment to Greece by June 30, 1972.

Mar. 10—The White House announces that China and the United States have decided to make their respective ambassadors in Paris the diplomatic channels for continuing contacts between the two countries.

Mar. 16—In a joint communiqué, the United States and the Soviet Union announce that President Nixon will begin his trip to Moscow on May 22.

Mar. 20—Huang Chen, Chinese Ambassador to France, and Arthur K. Watson, United States Ambassador to France, hold their second meeting.

Mar. 21—President Nixon authorizes the use of government funds to underwrite joint economic ventures between private American investors and Yugoslavia and Rumania.

Mar. 23—George Bush, chief United States delegate to the United Nations, announces that the U.S. will offer an additional \$35.3 million in aid to Bangladesh, making a total of \$95 million in aid.

Mar. 28—King Hussein of Jordan holds four hours of discussions with President Nixon and other administration officials.

Mar. 29—A U.S. State Department spokesman announces that the U.S. has signed an agreement with Greece providing for the sale of 36 F-4 Phantom jets to Greece.

Government

Mar. 2—Acting Attorney General Richard G. Kleindienst denies that he influenced the Justice Depart-

ment to drop three antitrust suits against the International Telephone and Telegraph Company or that the department's action was related to the company's offer to underwrite part of the expenses of the Republican National Convention.

Mar. 6—The President's Commission on School Finance recommends that the states take over the major portion of public school financing to eliminate the disparity in the amount spent per pupil between rich and poor school districts.

Mar. 8—President Richard M. Nixon signs an Executive order calling for a reduction in the number of documents classified when they are written and a speeding up of the declassification process.

Mar. 9—President Nixon signs the \$3.189-billion foreign aid appropriations bill for fiscal 1972. The amount is \$1.53 billion less than the administration requested.

Mar. 14—Former Attorney General John N. Mitchell says that he was not personally involved in any way in the dropping of three antitrust suits against the International Telephone and Telegraph Company.

Mar. 16—The Pay Board reduces the wage and fringe benefit increase negotiated by the West Coast longshoremen from 20.9 per cent to 14.9 per cent. (See "Labor," *Current History*, April, 1972, p. 223f.)

In a televised address to the nation, President Nixon reaffirms his opposition to busing schoolchildren to achieve racially balanced schools. Stating that a constitutional amendment banning busing would take too long, the President appeals to the nation to support congressional action to halt busing of schoolchildren to achieve racial balance.

Mar. 17—President Nixon asks Congress for a moratorium on all court orders requiring busing to achieve school desegregation and the enactment of legislation placing permanent restraint on the courts and the executive branch to prevent them from ordering such busing.

Mar. 21—President Nixon signs legislation authorizing \$1 billion to be used in the next three years in an intensified campaign against drug abuse.

Mar. 22—The National Commission on Marijuana and Drug Abuse recommends the removal of criminal penalties for the use and possession of marijuana but recommends the retention of criminal sanctions for trafficking in the drug.

George Meany, president of the A.F.L.-C.I.O., and I. W. Abel and Floyd Smith, members of the A.F.L.-C.I.O. Executive Council, resign from the Pay Board, saying that the board offers labor "no hope for fairness, equity or justice."

The Senate passes the Equal Rights Amendment which prohibits discrimination based on sex by any law or action of any government—federal, state or

local. The amendment will take effect when it has been ratified by 37 states.

Mar. 23—Leonard Woodcock, President of the United Auto Workers, resigns from the Pay Board.

In response to the resignation of four labor leaders from the Pay Board, President Nixon restructures the board as a 7-member "public" group consisting of the five previously named "public" members plus Frank E. Fitzsimmons, president of the International Brotherhood of Teamsters, and one of the former five business representatives, as yet unnamed.

Mar. 28—Rocco C. Siciliano is named by President Nixon as the sole business representative on the Pay Board.

Labor

(See also *Government*)

Mar. 31—United Mine Workers of America president W. A. Boyle is convicted on 13 counts of conspiracy and making political contributions with union money.

Politics

(See also *Elections*)

Mar. 10—Representative Paul N. McCloskey, Jr. (R., Calif.), announces that he is withdrawing from his campaign for the Republican Presidential nomination.

Supreme Court

Mar. 21—The United States Supreme Court rules that lengthy residency requirements for voting in state and local elections are unconstitutional and suggests that "30 days appears to be an ample period of time."

URUGUAY

Mar. 1—The government of Juan Marea Bordaberry takes office.

Mar. 10—Despite a government boycott of the vote, a joint session of Congress votes 67 to 1 to repeal the extensive restrictions on civil rights imposed almost 3 years ago to fight Tupamaro urban guerrillas.

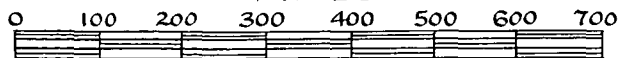
Bordaberry sends Congress a new national security law.

YUGOSLAVIA

Mar. 6—It is announced in London that a 5-year, \$100-million Eurodollar loan has been arranged for Yugoslavia by a consortium of international bankers; this is the largest loan ever negotiated for an East European nation.

Western Europe

MILES



AVAILABLE FROM Current History

Academic Year 1972-1973

Property of
AMBASSADOR COLLEGE LIBRARY
Big Sand

- ☐ American School Finance: A History (6/72)
- ☐ American School Costs (7/72)
- ☐ Financing America's Schools Tomorrow (8/72)
- ☐ Mainland China, 1972 (9/72)
- ☐ The Soviet Union, 1972 (10/72)
- ☐ India, 1972 (11/72)

- ☐ Southeast Asia, 1972 (12/72)
- ☐ The Middle East, 1973 (1/73)
- ☐ Latin America, 1973 (2/73)
- ☐ Africa, 1973 (3/73)
- ☐ West Europe, 1973 (4/73)
- ☐ East Europe, 1973 (5/73)

Still Available

AREA STUDIES

- ☐ Latin America, 1971 (2/71)
- ☐ Africa, 1971 (3/71)
- ☐ Japan, 1971 (4/71)
- ☐ East Europe, 1971 (5/71)
- ☐ Communist China, 1971 (9/71)
- ☐ The Soviet Union, 1971 (10/71)
- ☐ Southeast Asia, 1971 (12/71)
- ☐ The Middle East, 1972 (1/72)
- ☐ Latin America, 1972 (2/72)
- ☐ Australia, 1972 (3/72)
- ☐ Canada, 1972 (4/72)
- ☐ West Germany, 1972 (5/72)

CURRENT HISTORY ANNUALS

Day-by-day, country-by-country reviews of each year's events, adapted from *Current History's* "Month in Review," are indexed in a single volume annually as a service to our readers. Each Annual also contains the index to a year's issues of *Current History*.

AMERICAN ISSUES

- ☐ The American Cities (12/68)
- ☐ U.S. Military Commitments in Asia (8/69)
- ☐ Black America (9/69)
- ☐ U.S. Resources: A Tally Sheet (6/70)
- ☐ America's Polluted Environment (7/70)
- ☐ Options for a Cleaner America (8/70)
- ☐ Urban America (11/70)
- ☐ The American System of Justice (6/71)
- ☐ American Justice at Work (7/71)
- ☐ Improving Justice in America (8/71)
- ☐ Welfare and the New American Federalism (11/71)

CURRENT HISTORY BINDER

A sturdy, hard-cover binder at a reasonable cost will protect *Current History* for permanent reference. Each issue can be placed in the binder every month. The easy-to-use binder holds 12 issues plus the Annual securely in place over flexible steel rods.

ONE-YEAR SUBSCRIPTION: \$9.50; **TWO-YEAR SUBSCRIPTION:** \$18.50.

NINE-MONTH SUBSCRIPTION: \$7.95.

SEVEN-MONTH STUDENT SUBSCRIPTION: \$5.95.

SPECIFIC ISSUE PRICE: \$1.00 per copy; 10 or more of the same issue, 65¢ per copy.

CURRENT HISTORY ANNUAL PRICE: \$2.45. **BINDER PRICE:** \$3.50.

CURRENT HISTORY • 4225 Main Street • Philadelphia, Pa. 19127

SPECIAL SUBSCRIPTION OFFER: your choice of 3 free issues.

- ☐ 1 year \$9.50, plus 3 free issues marked above.
- ☐ 2 years \$18.50, plus 3 free issues marked above.
- ☐ Please send me the issues I have indicated above in the quantities I have marked.
- ☐ Send me 9-month subscriptions. ☐ Send me 7-month subscriptions.

CURRENT HISTORY ANNUALS

- ☐ Annual, 1972, at \$2.45 each
- ☐ Annual, 1971, at \$2.45 each
- ☐ Annual, 1970, at \$2.45 each

CURRENT HISTORY BINDER

- ☐ Current History Binders
at \$3.50 each.

Name

Address

City State Zip Code

☐ Check enclosed. ☐ Bill me. Add 50¢ for Canada; \$1.00 for foreign.

All these offers are good only on orders mailed directly to the publisher.

Specific issue price based on a single mailing address for all issues ordered.

10-72
COLLEGE
5620